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AIR FORCE FEDERAL ACQUISITION REGULATION SUPPLEMENT

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DEPARTMENT OF THE AIR FORCE
MCMXLVII
UNITED STATES OF AMERICA

1 APRIL 1984

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FOREWORD

The Air Force Supplement (AF FAR Supplement) to the Federal Acquisition Regulation (FAR) and DOD FAR Supplement is issued under statutory authorities of the Secretary of Defense and by Order of the Secretary of the Air Force. The AF FAR Supplement will replace the AF DAR Supplement and will be effective for new solicitations issued on or after 1 April 1984. Provisions and clauses in the FAR, DOD FAR Supplement, and this Supplement shall not be included in solicitations issued before 1 April 1984. Those provisions and clauses shall be included in solicitations issued on or after 1 April 1984, but need not be included in solicitations already in process of preparation when their inclusion would cause an undue delay in the solicitations.

The DAR, FAR, DOD FAR Supplement, AF DAR Supplement, and AF FAR Supplement contain direction to Air Force contracting personnel as to (i) what provisions, clauses, and cost principles are authorized for Air Force contracts and (ii) what other procedures and actions they must follow in awarding and administering Air Force contracts. Contracts shall be administered in accordance with the provisions set forth therein, e.g., a contract citing the FAR cost principles will be administered in accordance with applicable paragraphs of the FAR, DOD FAR Supplement, and this Supplement. The noncontractual procedures to be followed by Air Force contracting personnel will, for the most part, be as directed by the FAR, the DOD FAR Supplement, and this Supplement on 1 April 1984. But many contracts will be affected by both the FAR and the DAR. As an example, a contract resulting from a solicitation issued before 1 April may require administration based on the DAR clauses and cost principles while the actions of the contracting officer relating to contract reporting, contract close-out, and other such matters, are as directed by the FAR (to the extent nothing, in the contract requires otherwise).

After the Table of Parts is a list identifying those portions of the AF DAR Supplement that remain in effect pending review and, as appropriate, inclusion in a future Change to this AF FAR Supplement. The AF FAR Supplement contains material that implements the FAR and DOD FAR Supplement and also contains supplementary material that is unique to the Department of the Air Force. This Supplement is not a stand-alone document and must be read in conjunction with the FAR and DOD FAR Supplement.

Consistent with the FAR, this document generally represents a restructuring and reformatting of current DAR and AF DAR Supplement policy. Due to the compressed nature of the conversion, inadvertent errors may have been made. A form for correcting errors in this Supplement such as misspelled words, omitted words or lines, incorrect citations, or errors in format is attached. Please do not use this form for submission of suggested revisions to the contents of this Supplement. Proposed revisions to the AF FAR Supplement shall be submitted by Air Force personnel in accordance with AF FAR Supplement 1.290-2.

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7

Table of Parts

isted below are the FAR and DOD FAR Supplement Parts at which appear ir Force acquisition regulations implementing and supplementing the asic coverage of the FAR and DOD FAR Supplement. Detailed tables of ontents precede each Part.

art	Title
1	Federal Acquisition Regulations Systems
2	Definitions of Words and Terms
3	Improper Business Practices and Personal Conflicts of Interest
4	Administrative Matters
5	Publicizing Contract Actions
6	Reserved in FAR
7	Acquisition Planning
8	Required Sources of Supplies and Services
9	Contractor Qualifications
0	Specifications, Standards, and Other Purchase Descriptions
1	Acquisition and Distribution of Commercial Products
2	Contract Delivery or Performance
3	Small Purchase and Other Simplified Purchase Procedures
4	Formal Advertising
5	Contracting by Negotiation
6	Types of Contracts
7	Special Contracting Methods
8	Reserved in FAR
9	Small Business and Small Disadvantaged Business Concerns
0	No AF FAR Supplement
1	Reserved in FAR
2	Application of Labor Laws to Government Acquisitions
3	Environment, Conservation, and Occupational Safety
4	No AF FAR Supplement
5	Foreign Acquisition
6	Reserved in FAR
7	Reserved in FAR
8	Bonds and Insurance
9	Taxes
0	Cost Accounting Standards
1	No AF FAR Supplement
2	Contract Financing
3	Disputes and Appeals
4	No AF FAR Supplement
5	Research and Development Contracting
6	Construction and Architect-Engineer Contracts
7	Service Contracting

Part	Title
38	No AF FAR Supplement
39	No AF FAR Supplement
40	Reserved in FAR
41	Reserved in FAR
42	Contract Administration
43	Contract Modifications
44	No AF FAR Supplement
45	Government Property
46	No AF FAR Supplement
47	Transportation
48	No AF FAR Supplement
49	Termination of Contracts
50	Extraordinary Contractual Actions
51	No AF FAR Supplement
52	Solicitation Provisions and Contract Clauses

Air Force DAR Supplement Sections, Parts, Paragraphs, Appendices, and Supplements Remaining in Effect

Listed below are those portions of the AF DAR Supplement that remain in effect pending review, rewrite, and inclusion, as appropriate, in a future Change to this AF FAR Supplement.

1-455(b)
1-2404(b) AFAC 83-10, Section A, Item III
2-201(a)(iii)
3-501(b)
3-807.2(c).50
4-301.3 and .4
4-303.50
4-11 (all), AFAC 83-1, Section A, Item X
4-1203.4(b) AFAC 83-1, Section A, Item XIII
4-21 (all)
4-5102 and AFAC 82-1, Section A, Item IX
4-5103, .1 and .2
4-5104 and AFAC 82-1, Section A, Item X
4-5105
4-52 (all)
4-53 (all)
4-55 (all)
4-56 (all) and AFAC 82-1, Section A, Item XXVI; AFAC 83-1, Section A, Item XII
5-102.4(b)
5-103
5-5 (all), AFAC 83-1, Section A, Item XIII
5-1118
7-104.9(b) AFAC 83-16, Section A, Item V
7-108.50 AFAC 83-16, Section A, Item VI
7-5000.3
Section VIII (all) and AFAC 82-1, Section A, Item XXI; AFAC 83-1, Section A, Item XIV; AFAC 83-16, Section A, Item VII
Section IX (all) and AFAC 83-10, Section A, Item VIII, paragraph 2
12-107
Section XVI (all) Note that corresponding coverage in DAR Section XVI has been continued by reference in DOD FAR Supplement 53.270, pending further DAR Council review of the need for Section XVI.
18-7 (all) and AFAC 82-1, Section A, Items II and XVI
20-101
20-102(d)
20-202(a) and (c)
20-3 (all)
Section XXI (all) and AFAC 82-6, paragraphs 2 and 3; AFAC 83-1, Section A, XXIII

22-109
Appendix D
Appendix N
AF DAR Sup to DAR Supplement 1
AF DAR Sup to ASPR Supplement 2

BY ORDER OF THE SECRETARY OF THE AIR FORCE

OFFICIAL

CHARLES A. GABRIEL, General, USAF
Chief of Staff

JAMES H. DELANEY, Colonel, USAF
Director of Administration

ATTENTION ALL SUBSCRIBERS AND USERS OF THE AF FAR SUPPLEMENT:

Please use this form to call to our attention errors such as misspelled words, omitted words or lines, incorrect citations, or errors in format that are found in this AF FAR Supplement. Please do not use this form for submission of suggested changes to this Supplement.

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An error has been noted as follows:

AF FAR Sup page__________________

Citation__________________________

Nature of Error:

Mail Form to:

HQ USAF/RDC-DAR
Room 4C314, The Pentagon
Washington, DC 20330

TABLE OF CONTENTS

PART 1--FEDERAL ACQUISITION REGULATIONS SYSTEMS

SUBPART 1.1--PURPOSE, AUTHORITY, ISSUANCE

Paragraph	Title	Page
1.101	Purpose.	1.1-1
1.102	Authority.	1.1-1
1.103	Applicability.	1.1-1
1.104	Issuance.	1.1-1
1.104-2	Arrangement of regulations.	1.1-1

SUBPART 1.2--ADMINISTRATION

Paragraph	Title	Page
1.201	Maintenance of the FAR.	1.2-1
1.201-90	Recommendations for amendments to FAR and DOD FAR Supplement.	1.2-1
1.290	Maintenance of the AF FAR Supplement.	1.2-1
1.290-1	Changes to the AF FAR Supplement.	1.2-1
1.290-2	Recommendations for amendments to AF FAR Supplement.	1.2-1
1.291	Designation of offices of primary responsibility (OPR).	1.2-1
1.292	Suggestions.	1.2-2

SUBPART 1.3--AGENCY ACQUISITION REGULATIONS

Paragraph	Title	Page
1.301	Policy.	1.3-1
1.303	Codification and public participation.	1.3-1
1.304	Agency control and compliance procedures.	1.3-1

SUBPART 1.4--DEVIATIONS FROM THE FAR

Paragraph	Title	Page
1.403	Individual deviations.	1.4-1
1.404	Class deviations.	1.4-1
1.490	Deviations from FAR Part 32, Contract Financing.	1.4-1

SUBPART 1.6--CONTRACTING AUTHORITY AND RESPONSIBILITIES

Paragraph	Title	Page
1.601	General.	1.6-1
1.601-90	Agency head.	1.6-1
1.601-91	Establishment of heads of contracting activities.	1.6-1
1.601-92	Delegation of general contracting authority.	1.6-2
1.601-93	Contracting support in emergency situations.	1.6-5
1.601-94	Legal review.	1.6-5
1.602	Contracting officers.	1.6-5
1.602-1	Authority.	1.6-5
1.602-2	Responsibilities.	1.6-6
1.602-90	Organizational placement of contracting officers.	1.6-6
1.603	Selection, appointment, and termination of appointment.	1.6-6
1.603-2	Selection.	1.6-6
1.603-3	Appointment.	1.6-7
1.603-4	Termination.	1.6-8
1.670	Ratification of unauthorized commitments.	1.6-8
1.670-3	Procedures.	1.6-8
1.690	Contracting authority of other personnel.	1.6-9

PART 1--FEDERAL ACQUISITION REGULATIONS SYSTEMS

SUBPART 1.1--PURPOSE, AUTHORITY, ISSUANCE

1.101 Purpose.

The Air Force Federal Acquisition Regulation (AF FAR Supplement) establishes for the Air Force uniform policies and procedures implementing and supplementing the Federal Acquisition Regulation (FAR), the Department of Defense FAR Supplement (DOD FAR Supplement), and other DOD publications concerning contracting.

1.102 Authority.

The AF FAR Supplement is authorized by the Secretary of Defense (see FAR 1.301(c)(1)) and issued by order of the Secretary of the Air Force (SAFO 650.1, 5 April 1983). The AF FAR Supplement is prepared and maintained by the Assistant for DAR, Directorate, Contracting and Manufacturing Policy (AF/RDC-DAR).

1.103 Applicability.

The AF FAR Supplement applies to all Air Force acquisition of supplies and services made with appropriated funds.

1.104 Issuance.

1.104-2 Arrangement of regulations.

(c) References and citations.

The AF FAR Supplement follows the arrangement, reference, and citation scheme of the FAR and DOD FAR Supplement. Cross-reference to the FAR will cite "FAR" and cross-reference to the DOD FAR Supplement will cite "DOD FAR Sup" followed by the appropriate part, subpart, and so forth. Cross-reference to either the FAR or DOD FAR Supplement shall be read to include corresponding paragraphs in the DOD FAR Supplement or the FAR, respectively. For example, the words ". . . when authorized under FAR . . ." includes the FAR, the DOD FAR Supplement, and this Supplement. Cross-reference to other parts, subparts, and so forth, of this Supplement will be without a name or acronym prefix.

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PART 1--FEDERAL ACQUISITION REGULATIONS SYSTEM

SUBPART 1.2--ADMINISTRATION

1.201 Maintenance of the FAR.

1.201-90 Recommendations for amendments to FAR and DOD FAR Supplement.

Recommendations to amend the FAR or DOD FAR Supplement shall be submitted through major commands to HQ USAF/RDC-DAR in an original and three copies. Recommendations shall include complete rationale for the proposed amendment. The submission shall be in the form of a memorandum in the following format: I PROBLEM; II RECOMMENDATION; and III DISCUSSION. Supporting information may be included as "tabs" to the memorandum; however, the DISCUSSION portion shall be self-sustaining. Revisions, deletions, or additions to existing FAR or DOD FAR Supplement language shall be shown with the full text of the FAR or DOD FAR Supplement coverage being changed. The modified text shall be included as a tab to the memorandum. Language to be deleted shall be lined through with dashes. New proposed language shall be incorporated into the text and shall be enclosed in brackets. The DISCUSSION section shall, to the maximum practical extent, address the actual impact in explicit terms. To assure prompt review and presentation, the recommended changes must show the advantages and disadvantages that will result if the change is implemented.

1.290 Maintenance of the AF FAR Supplement.

1.290-1 Changes to the AF FAR Supplement.

(a) Formal numbered Changes to this Supplement shall be issued as needed. Each Change shall use the page insert method authorized by AFR 5-1.

(b) When urgent changes occur, this Supplement shall be amended by Air Force Acquisition Circulars (AFACs). AFACs shall use both the write-in method and paragraph method authorized by AFR 5-1.

1.290-2 Recommendations for amendments to AF FAR Supplement.

Recommendations to amend the AF FAR Supplement shall be submitted through major commands to HQ USAF/RDC-DAR. Recommendations shall include the complete rationale for the proposed amendment as well as the proposed language.

1.291 Designation of offices of primary responsibility (OPR).

The office of primary responsibility (OPR) (within the Directorate of Contracting and Manufacturing Policy (HQ USAF/RDC)) for policy and actions on all matters related to the various parts of the FAR, DOD FAR Supplement, and this Supplement are reflected below:

DOD FAR Sup/ FAR/AF FAR Sup HQ USAF/RDC OPR

To be added in a future change. Use the existing list in AFAC 83-3 and follow the DAR-FAR cross-reference.

1.292 Suggestions.

Suggestions pertaining to the FAR, DOD FAR Supplement, or this Supplement which are submitted on AF Form 1000 in accordance with AFR 900-4 and which require evaluation by HQ USAF/RDC will be processed through major commands to HQ USAF/RDCX. HQ USAF/RDCX will assign the suggestion to the appropriate OPR for evaluation. (See 1.291.)

PART 1--FEDERAL ACQUISITION REGULATIONS SYSTEM

SUBPART 1.3--AGENCY ACQUISITION REGULATIONS

1.301 Policy

(b) Major commands, ALCs within AFLC, divisions or centers within AFSC, and the separate operating agencies listed in 1.601-91 are authorized to issue supplements to the FAR, DOD FAR Supplement and this Supplement to the extent permitted by FAR 1.304(b), DOD FAR Sup 1.304(b)(1) and (2), and 1.304(b), if such supplements are specifically identified as being essential to the particular needs of the issuing activity. Supplements shall be prepared and published in accordance with AFR 5-1 and 5-10.

1.303 Codification and public participation.

Coverage in a major command or separate operating agency Supplement that implements a specific part, subpart, section or subsection of the FAR, DOD FAR Supplement or this Supplement shall be numbered and titled to correspond to the regulation it is implementing. See FAR 1.104-2, DOD FAR Sup 1.104-2, and 1.104-2 for numbering procedures.

1.304 Agency control and compliance procedures.

(a) Major command and separate operating agencies shall provide HQ USAF/RDC-DAR two copies of their supplements, including all changes, for review at the time of document distribution. While HQ AFLC and HQ AFSC are responsible for the contents of supplements issued by their respective ALCs, divisions, and centers, the commands shall forward one copy of each subordinate activity supplement to HQ USAF/RDC-DAR, at the time of document distribution.

(b) Supplements issued by the activities identified in 1.301(b) shall not --

(1) Unnecessarily duplicate, be inconsistent with, or increase or restrict the use of any material or authorities in this Supplement; or

(2) Include contract clauses or provisions (defined at FAR 52.101(a)) in Part 52 unless they have been reviewed and approved by HQ USAF/RDC-DAR in advance of publication. Requests to approve publication of clauses and provisions in a supplement shall also include the proposed language in which the clause or provision will be prescribed for use.

(c) Material appropriate for publication in the FAR, DOD FAR Supplement, or this Supplement shall not be published in any other standard Air Force publication.

PART 1--FEDERAL ACQUISITION REGULATIONS SYSTEM

SUBPART 1.4--DEVIATIONS FROM THE FAR

1.403 Individual deviations.

(a) Individual deviation authority is vested in the Head of a Contracting Activity (HCA) or those designees identified in 1.601-91. The approving authority shall provide six copies of the written notice of individual deviation from the FAR, DOD FAR Supplement, or DOD Directive to HQ USAF/RDC-DAR which will make the required distribution. Individual deviation notification shall include the information required by DOD FAR Sup 1.402(b). See FAR 52.103 for identification of provisions and clauses for which a deviation has been granted.

(b) Each notice of individual deviation from this Supplement shall be submitted through major commands to HQ USAF/RDC-DAR.

1.404 Class deviations.

(a) Requests for class deviation from the FAR, DOD FAR Supplement, or DOD Directive shall be submitted through major commands to HQ USAF/RDC-DAR in an original and three copies. Requests should be in the form of a MEMORANDUM TO THE DIRECTOR, DAR COUNCIL, in the same format prescribed in 1.201-90 and shall include the information required by DOD FAR Sup 1.402(b).

(b) Requests for class deviation from this Supplement shall be submitted through major commands to HQ USAF/RDC-DAR. Each request shall include a complete description of the special circumstances which justify the deviation.

1.490 Deviations from FAR Part 32, Contract Financing.

(b)(5) Deviations from FAR and DOD FAR Sup Part 32 (except Subparts 32.7, 32.8, and the Payment clauses prescribed at 32.111) shall be submitted through major commands to HQ USAF/RDCP for approval by the DOD Contract Finance Committee (see DOD FAR Sup 32.171).

PART 1--FEDERAL ACQUISITION REGULATIONS SYSTEM

SUBPART 1.6--CONTRACTING AUTHORITY AND RESPONSIBILITIES

1.601 General.

1.601-90 Agency head.

(a) As Agency Head, the Secretary of the Air Force establishes policies for, and directs and supervises, the Department's activities with respect to contracting and related matters. The General Counsel, as the Secretary's legal advisor, is the final authority on all legal questions relating thereto. By delegation of authority from the Secretary, established policies are implemented and other appropriate instructions are issued to lower echelons by the Deputy Chief of Staff, Research, Development and Acquisition, HQ USAF/RD, and the Director of Contracting and Manufacturing Policy, HQ USAF/RDC.

1.601-91 Establishment of heads of contracting activities.

(a) The commanders of the commands specified in DOD FAR Sup Subpart 2.1 are designated as a "Head of a Contracting Activity" (HCA). At AFLC and AFSC the HCA may designate as Deputy HCA, the individual occupying the official position not below the level of the staff officer responsible for contracting within the Command headquarters. At commands other than AFLC and AFSC, the Vice Commander is designated as Deputy HCA. At Space Command, the HCA may designate the Assistant Vice Commander as Deputy HCA. The designated Deputy HCA may act in exercising FAR, DOD FAR Supplement, and this Supplement's prescribed responsibilities vested in the HCA, including approving sole source contracts in accordance with P.L. 98-72. Approval of those sole source contracts may not be delegated below the position of HCA or Deputy. HCAs may authorize the individual occupying the official position not below the level of staff officer responsible for contracting within the command headquarters (when that official is not the designated Deputy HCA) to act in exercising FAR, DOD FAR Supplement, and this Supplement's prescribed responsibilities vested in the HCA, other than approving sole source contracts under P.L. 98-72. The term "Head of a Contracting Activity" and "Head of Procuring Activity" are construed to be one and the same.

(b) The Director of Contracting and Manufacturing Policy, HQ USAF/RDC, is the HCA for the following major commands and separate operating agencies:

(1) Air Force Reserve.

(2) USAF Academy.

(3) Electronic Security Command.

(4) Air University.

The commanders of these commands and SOAs are designated the "Designee" (as defined in Subpart 2.1) to the HCA and are authorized to perform any act or make determinations contemplated in the FAR, DOD FAR Supplement, or this Supplement when such authority is vested in the "Head of the Contracting Activity or Designee" with the power of redelegation not below the level of the staff officer responsible for contracting within the headquarters of the major command or SOA.

(c) Commanders of major commands and SOAs who are not designated as a HCA but who have a need for one of the responsibilities vested in the HCA as prescribed in the FAR, DOD FAR Supplement or this Supplement, shall submit a request for such responsibility to the Director of Contracting and Manufacturing Policy, HQ USAF/RDC.

(d) The air attaches and chiefs of Air Force foreign missions and commanders of deployed Air Force components of overseas unified commands are designated the "Designee" as defined in Subpart 2.1 and authorized to perform any act or make determinations contemplated in the FAR, DOD FAR Supplement, or this Supplement when such authority is vested in the "Head of the Contracting Activity or Designee."

1.601-92 Delegation of general contracting authority.

(a) The Secretary of the Air Force by Secretary of the Air Force Order 650.4, effective 1 July 1978, delegated general contracting authority to the Deputy Chief of Staff, Research, Development and Acquisition (HQ USAF/RD) and to the Director of Contracting and Manufacturing Policy, (HQ USAF/RDC). This authority is hereby redelegated by the Director of Contracting and Manufacturing Policy to the commanders of major commands and separate operating agencies identified in DOD FAR Sup Subpart 2.1 and 1.601-91. All previous delegations of general contracting authority are rescinded. The delegation referenced in this paragraph is a general one, and all other existing or future delegations, regulations, or directives issued by competent authority, to the extent to which they would, expressly or by reasonable implication, limit the scope of or impose conditions or restrictions upon the exercise of the general authorities cited in above referenced delegation instruments, shall be controlling over it. The authority delegated by SAFO 650.4 may be redelegated with or without the authority to make successive redelegations and under such terms, conditions, and limitations as may be deemed appropriate. This general contracting authority includes authority to enter into, execute, and approve contracts.

(b) In addition to limitations and conditions applicable to individual delegations and included therewith, the provisions of the following subparagraphs apply to all delegations of contracting authority and are published in this subparagraph to eliminate their repetition.

(1) Authorities delegated may not be redelegated except as expressly provided in individual authorizations.

(2) All redelegations, withdrawals, or rescissions of authority shall be in writing over the personal signature and title of the person vested with the authority. Delegations and redelegations shall be made to official positions and not to individuals by name, except in the case of designations of contracting officers and representatives of contracting officers.

(3) Delegations of authority do not affect the authority of the delegator to exercise any of the authority delegated or to issue instructions concerning the exercise of such authority.

(4) Delegations of authority to air attaches may be exercised only by air attaches on duty in foreign countries. Delegations of authority to chiefs of Air Force foreign missions or Air Force components of overseas unified commands may be exercised only when the missions are not operating under the jurisdiction of an overseas command.

(5) In the absence of a person occupying a position to which authority has been delegated, the authority may be exercised by the person who is occupying the position in an "acting" capacity. "Absence" refers to absence from the installation, on leave, or temporary duty travel. In cases of extreme emergency "absence" may be construed to mean absence from the office regardless of whereabouts except it does not apply to redelegations of authority which must be accomplished by the person occupying the position to which authority has been delegated.

(6) Approval of contract awards and manual approval of contracts authorized by delegations of authority shall be made in person by the individual occupying the position to which the authority has been delegated. Execution of such approval by one individual for, or over the signature of, another is unauthorized. Persons serving in an acting capacity shall execute authority as delegated, over their own name as acting chief or deputy chief. Awards and contract instruments in excess of the contracting officer's authority which require approval by higher authority shall be reviewed by competent persons before manual approval.

(7) When contracting authority is limited as to dollar amount, the limitation includes --

(i) Any contract instrument initially involving a sum in excess of the dollar limitation considering the aggregate of obligated and committed funds and any potential "connecting charge" or termination liability" established therein;

(ii) Contracts firmly negotiated for the total cost of the program, as stated therein, but which are funded for less than total cost of the program as firmly negotiated;

(iii) The estimated dollar amount of supplies and services to be purchased during the contract period for requirements and indefinite quantity contracts, even though no funds are committed or obligated thereby. Such contracts are required to include on their face, as an administrative recital, a bona fide estimate of such aggregate amount;

(iv) Any contract instrument exceeding the dollar limitation which increases the allotment of funds for reimbursement under a cost-reimbursement or time-and-materials type of contract;

(v) Any contract modification either increasing or decreasing the value of the contract by more than the dollar limitations specified by the HCA;

(vi) Any contract modification containing both increases and decreases when the aggregate value of the changes exceeds the dollar limitations specified by the HCA, regardless of the net amount of the modification; and

(vii) Utility contracts when the estimated annual service charge plus the connection or termination charge, if any, exceeds the dollar limitation.

(8) When contracting authority is limited as to dollar amount, the limitation does not include --

(i) Contract instruments which do no more than commit funds for engineering changes or provisioning items, whether or not there was any previous commitment for such items;

(ii) Contract instruments increasing fund obligations under partially funded contracts (see subparagraphs (b)(7)(i) and (ii) of this subsection) when not exceeding the firmly negotiated total cost of the program as stated in the prime contract;

(iii) Contract instruments obligating funds covering orders issued under terms of indefinite delivery contracts;

(iv) Contract instruments which obligate funds for provisioning items when the approved contract contained an item for provisioning initial spares, support equipment, and data;

(v) Communication Service Authorizations (CSA) for published tariff items only. CSAs for nontariff items or for which a tariff is proposed but not published will be subject to the reviews and approvals indicated by warrant limitations; or

(vi) Blanket Purchase Agreements (see FAR Subpart 13.2).

(9) Requirements aggregating more than the dollar amount of the contracting authority delegated shall not be broken down into more than one purchase transaction for the purpose of avoiding authority limitations.

1.601-93 Contracting support in emergency situations.

Emergency situations resulting from military action, civil disaster, or similar situations may require extraordinary acquisition authority. To meet these emergencies, the commander of the involved theater, the commander of any area designated by HQ USAF, and the commander of the major command responsible for logistics support are authorized to utilize expedited acquisition procedures to the extent allowed by law. This authority shall apply only to acquisitions which, because of the emergency situation, require extraordinary authority. When the emergency situation requires the temporary deployment of contracting officers to another command or theater, either CONUS or overseas, the permanent assignment of the contracting officer shall not change, but the individual(s) shall be under functional control of the receiving command. In these situations, and in consonance with FAR 1.603-3 and 1.603-4, the contracting officer's Certificate of Appointment issued by the organization of permanent assignment shall remain valid unless there are specific prohibiting limitations entered on the face of the certificate.

1.601-94 Legal review.

Commanders of major commands and separate operating agencies shall issue procedures which specify a monetary threshold for obtaining legal review by the appropriate staff judge advocate on contractual documents issued by their activities. The procedure shall identify those areas in which "legal problems and matters" require consultation/coordination/review by the staff judge advocate office regardless of the dollar amount of the contract. When legal review is required, it shall be obtained before execution of the document and the record of review shall be made on AF Form 3059, Staff Judge Advocate Coordination Sheet Procurement Contract, and placed in the official contract file.

1.602 Contracting officers.

1.602-1 Authority.

(a) Contracting officers are authorized to enter into and execute contracts funded either partially or completely with nonappropriated funds. In addition, contracting officers shall provide technical guidance and assistance to nonappropriated fund custodians upon request.

1.602-2 Responsibilities.

The responsibility of contracting officers relative to sale contracts is set forth in AFM 67-1, Volume 6, Chapter 11.

1.602-90 Organizational placement of contracting officers.

Commanders and others having administrative supervision over contracting officers shall bear in mind that acts exceeding the delegated powers of the contracting officer do not bind the government and shall refrain from directing contracting officers to take action which might expose the contracting officer to serious consequences. The office of the contracting officer shall be placed, in the local organization, at a level which will protect it from intraorganizational pressure which might lead the contracting officer to perform improper acts, which would expose the contracting officer to personal risk, and the Air Force to criticism.

1.603 Selection, appointment, and termination of appointment.

1.603-2 Selection.

(a) In addition to the requirements in the FAR, contracting officer appointments shall be limited to (1) commissioned officers, (2) noncommissioned officers (grades E-6, E-7, E-8 and E-9) who have been awarded AFSC 6516, 6524, 6534, 6596, 65190, or 65170, and (3) fully qualified civilians at the journeyman level and above in the GS-1102 occupational series, who occupy a manning authorization listed under these AFSCs.

(b) Limited contracting officers' appointments may be made for the following categories of personnel:

(1) Commissioned officers and civilians who have at least two years of contracting and/or production experience, with authority limited to priced blanket purchase agreements, delivery orders, purchase orders, and modifications thereto.

(2) Noncommissioned officers in grade E-5 who have at least two years of contracting experience and have completed the AAR 65170 course or equivalent OJT, with authority limited to priced blanket purchase agreements, delivery orders, purchase orders, and modifications thereto.

(3) Transportation and commissary personnel, with authority limited to performance of contracting functions as authorized by AF DAR Sup 4-21 and 4-51. NOTE: These AF DAR Sup parts will be added in a future change to this Supplement. Until then, use existing coverage. Normally, appointments will be limited to commissioned officers, civilians in grades GS-9 and above, and noncommissioned officers (E-8 and E-9) who have a minimum of two years of transportation/commissary experience.

(4) Contracting personnel involved in issuing orders for provisioned items under AF DAR Sup 4-301. NOTE: This AF DAR Sup paragraph will be added in a future change to this Supplement. Until then, use existing coverage.

1.603-3 Appointment.

(a) The commander or deputy commander of a base, division, wing, and so forth, and, in the case of AFLC activities, the Director of Contracting and Manufacturing (or other comparable official) shall review and sign the request for designation of a contracting officer. In the case of AFSC activities, the request for designation of a contracting officer shall be reviewed and signed by the Director or Chief of Contracting and Manufacturing (or equivalent). However, if this individual is the designating authority, the request shall be reviewed and signed by the officer (or civilian) immediately subordinate. Chief of the USAFE contracting centers shall sign such requests for officers serving with the USAFE contracting centers. Appointing authorities for contracting officers have the authority to waive the qualification requirements stated in 1.603-2 when the best interests of the Air Force will be served. In such cases, the justification for granting the waiver shall be in writing and approved by the appointing authority. The request shall include--

(1) A resume of the applicant's qualifications;

(2) A statement by the person signing the request that the qualifications in the resume were verified against the applicant's personnel file;

(3) If the designee is not an employee of the requesting activity and the designee's qualifications are known, a statement that the designee is qualified; and

(4) If the designee is not an employee of the requesting activity and the employee's qualifications are not known, a summary of an interview of the designee and the chief or deputy chief of purchasing office. The summary shall include a statement that the designee is qualified. If the designee is located at a distance which makes it impractical and uneconomical to conduct an interview, this requirement shall be waived. Justification for not having an interview shall be included. However, the statement that the designee is qualified shall still be made.

(b) Requests for designation of redistribution and marketing (R&M) personnel as sales contracting officer shall be signed by the chief of the R&M activity and forwarded to the major command R&M staff office. Requests for designation of the chief of an R&M activity shall be initiated by the major command R&M officer or deputy R&M officer.

(c) All appointments shall be reviewed not more than annually nor less than every two years by the designating authority, and should be made a matter of review during regularly scheduled staff visits conducted by the major command or separate operating agency. Files shall be updated and the appointing authority or someone designated by the appointing authority shall determine whether contracting officers have maintained professional proficiency and otherwise remained qualified. Designations shall be terminated or reduced in scope, if warranted.

(d) Each designating authority shall promptly distribute copies of instruments of designation as follows:

(1) For designation of contracting officers, provide --

(i) Original to the individual designated;

(ii) One true copy to the individual designated (to be furnished by that individual to the accounting and finance officer if requested by the latter); and

(iii) One true copy to the activity having custody of the military personnel field record for permanent retention in the personnel file of each military contracting officer.

(2) For designation of representatives, provide original to the individual designated and one true copy to the contracting officer whom the representative serves.

1.603-4 Termination.

(a) Each designating authority shall promptly distribute copies of the instrument terminating a contracting officer's authority to the addressees indicated in 1.603-3(d)(1).

(b) Each designating authority shall promptly distribute copies of the instrument terminating a representative's authority to the addressees indicated in 1.603-3(d)(2).

1.670 Ratification of unauthorized commitments.

1.670-3 Procedures.

(a) Heads of contracting activities for the major commands listed in DOD FAR Sup 2.1 may establish ratification procedures and redelegate ratification authority within their respective commands as deemed appropriate.

(b)(1) Unauthorized commitments involving tenant organizations shall be investigated and processed as if they originated within the host command. However, the host command shall provide copies of these ratifications to the tenant's parent organization.

(2) Unauthorized commitments occuring in organizations that are not assigned to the major commands listed in DOD FAR Sup 2.1 shall be processed as follows and submitted for review and possible ratification action to HQ USAF/RDCX:

(i) The individual who committed the unauthorized act shall prepare a statement of all pertinent facts of the transaction which, accompanied by a file of all relevant documents and records, shall be forwarded through the contracting officer (over the signature of the base commander or officer who has command over the installation in which the unauthorized act occurred) to the ratifying official.

(ii) The statement shall include a description of any disciplinary action taken or an explanation why none was considered necessary and a description of action taken to prevent recurrence of the unauthorized act.

(iii) When the unauthorized act is committed by individuals not under the jurisdiction of the base commander (as when tenant organizations are involved), the statement regarding disciplinary action shall be furnished by the commander having jurisdiction over the individual who made the unauthorized commitment. The individual who made the unauthorized commitment shall furnish all facts, records, and documents requested by the contracting officer.

(iv) The contracting officer shall --

(a) Determine the adequacy of the record and obtain further documentation if necessary;

(b) Prepare a statement of facts;

(c) Obtain a legal review and a recommendation from the local staff judge advocate of how the matter should be processed from;

(d) Include in the statement of facts, an analysis of the prices involved to support a finding that they are or are not fair and reasonable; and

(e) Forward the file to HQ USAF/RDCX.

1.690 Contracting authority of other personnel.

Only the following purchases may be made by individuals other than duly designated contracting officers.

(a) Imprest fund purchases made according to FAR 13.4.

(b) Purchases of fuel, oil, and repairs made according to AFR 67-24.

(c) Emergency purchases of medical supplies and equipment made according to AFM 67-1, Volume 5, Chapter 16, Paragraph 12, followed by issuing a confirmatory purchase order by the base contracting office or a cash purchase receipt by a cash purchasing officer.

(d) Partial tuition assistance in accordance with AFR 213-1.

(e) Tuition or registration fees for intergovernmental agency training.

(f) Nonappropriated fund custodians in accordance with AFR 176-9.

(g) Subsistence purchases made by authorized food service personnel in support of the "Monetary Credit Allowance Management Systems" (AFR 146-7).

(h) Supplemental care referrals by the Director of Base Medical Services, in accordance with AFR 168-10, Section D.

(i) SF 44 purchases made in accordance with FAR 13.505-3; provided, that, the individual using this method --

(1) Has been trained to use the SF 44;

(2) Has a written authorization from the contracting officer; and

(3) Is on travel orders or is located at a remote site.

TABLE OF CONTENTS

PART 2--DEFINITIONS OF WORDS AND TERMS

SUBPART 2.1--DEFINITIONS

Paragraph	Title	Page
2.100	Definitions	2.1-1

PART 2--DEFINITIONS OF WORDS AND TERMS

SUBPART 2.1--DEFINITIONS

"Base or installation commander" means an individual who functions in a command position and is responsible for a base or other Air Force installation having a base contracting office. This term shall include the Deputy Commander for Resources (DCR) at installations which have implemented the DCR concept.

"Central acquisition" means the purchase of all requirements of specified supplies or services by a designated purchasing office for use throughout the Air Force.

"Chief of contracting office" means any person who has direct managerial responsibility for the operation of a purchasing office as defined in FAR Subpart 2.1. Unless specifically excepted, this term may include, at the option of the designated chief, the deputy chief or acting chief of the contracting office.

"Designee" means an individual authorized to perform any act or make determinations contemplated in the FAR, DOD FAR Supplement or this Supplement when such authority is vested in the "head of the contracting activity or designee." Designee may include one or more officials.

"Local purchase" means the authorized purchase of materials, supplies, and services by an installation for its own use or the use of an installation or activity logistically supported by it. Local purchase is not limited to the immediate geographical area in which the purchasing installation is located. Except as specifically authorized by this Supplement, local purchase will be consolidated under one office at the Air Force installation.

"Ordering officer" means an individual authorized by a DOD contracting officer to issue specific calls or orders for supplies or services against prepriced blanket purchase agreements or other prepriced contracts. Such authority may include signature on a DD Form 1155 as an "ordering officer."

"Oversea commands" means major commands located in possessions of the United States, and in Puerto Rico, Alaska, Panama Canal Zone, and Hawaii, as well as those in foreign countries.

TABLE OF CONTENTS

PART 3--IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST

SUBPART 3.3--REPORTS OF IDENTICAL BIDS AND SUSPECTED ANTITRUST VIOLATIONS

Paragraph	Title	Page
3.301	General.	3.3-1

PART 3--IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST

SUBPART 3.3--REPORTS OF IDENTICAL BIDS AND SUSPECTED ANTITRUST VIOLATIONS

3.301 General.

(a) Air Force procedures for reporting possible violations of federal criminal statutes relating to procurement, including reports of possible fraud are prescribed in the applicable portions of Subpart 9.4 and AFR 124-8. Procedures for reporting criminal violations of labor statutes applicable to Air Force contracts are prescribed in FAR Subpart 22.4.

(b) Reports of noncompetitive practices will be forwarded through channels, including HQ AFLC/JANP, to HQ USAF/RDCX for submission to the Secretary or processed as set forth in Subpart 9.4, as applicable.

TABLE OF CONTENTS

PART 4--ADMINISTRATIVE MATTERS

SUBPART 4.1--CONTRACT EXECUTION

Paragraph	Title	Page
4.103	Contract clause.	4.1-1

SUBPART 4.2--CONTRACT DISTRIBUTION

Paragraph	Title	Page
4.201	Procedures.	4.2-1
4.202	Agency distribution requirements.	4.2-1
4.290	Additional comments.	4.2-2

SUBPART 4.4--SAFEGUARDING CLASSIFIED INFORMATION WITHIN INDUSTRY

Paragraph	Title	Page
4.490	Security procedures for contracts performed on U.S. Government installations and in oversea areas.	4.4-1
4.491	Contract clause.	4.4-1

SUBPART 4.8--CONTRACT FILES

Paragraph	Title	Page
4.803	Contents of contract files.	4.8-1
4.804	Closeout of contract files.	4.8-1
4.804-5	Detailed procedures for closing out contract files.	4.8-1

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PART 4--ADMINISTRATIVE MATTERS

SUBPART 4.1--CONTRACT EXECUTION

4.103 Contract clause.

When a contract requires approval at a level above the contracting officer as prescribed in 1.601-92, the contracting officer shall include the clause at FAR 52.204-1 and the special contract requirement at 52.204-1.

PART 4--ADMINISTRATIVE MATTERS

SUBPART 4.2--CONTRACT DISTRIBUTION

4.201 Procedures.

(a) Work requests to maintenance modification and overhaul contracts are to be included in the types of instruments covered in this section.

(b) The payment office copy of all FMS contracts (including purchase orders) and modifications shall contain or be accompanied by the following notification:

> "The contract paying office shall not make any payment against any Foreign Military Sales line item in this contract/modification unless the contract paying office receives expenditure authority from the Security Assistance Accounting Center, Denver, CO 80279."

(c) If a performance or payment bond or consent of surety was required in support of a contract or modification, the original signed bond or consent of surety shall be attached to the original signed contract or modification.

4.202 Agency distribution requirements.

(a) The contracting officer shall provide Air Force payment offices an original signed copy and one additional copy of purchase orders (for example, DD Form 1155) for open market purchases of $25,000 or less, delivery orders, and Federal Supply Schedule Orders, and each modification thereto. When the continuous form (five copy set) is used, the additional copy shall be forwarded from the receiving activity to the assigned payment office.

(b) When a requirement for engineering data is specified on DD Form 1423, the contracting officer shall provide one reproduced copy of the signed contract and each modification thereto to AFALD/PTD, Wright-Patterson AFB OH 45433, and to the MMEDD organization at the air logistics center which has system/item management (SM/IM) responsibility, except for AFSC research contracts.

(c) The contracting officer shall send one copy of the authorized contractual document (contract, modification or ASI) to the transportation officer concerned when shipments will be made on a commercial bill of lading to be converted to a government bill of lading at destination (see FAR 42.1403-1(a)).

(d) The contracting officer shall send one copy of each contract for laundry and/or dry cleaning services, together with a copy of the abstract of bids to AFESC/DEHS, Tyndall AFB FL 32403.

(e) The contracting officer shall forward one copy of each solicitation and contract (including agreements) for medical professional services (nonpersonal services) to AFMSC/SGSL, Brooks AFB TX 78235.

(f) For base contracting, the contracting officer shall send distribution requirements as follows:

(1) One copy to the base receiving unit at point of receipt and inspection, except when multi-purpose form, DD Form 1155, Order for Supplies and Service/Request for Quotations, is used. Furnish sufficient copies to satisfy receiving report distribution requirements, AFM 67-1, volume I, part one, chapter 5. Extra copies of the DD Form 1155 need not be furnished when supply uses DD Form 1348-1, DOD Single Line Item Release/Receipt Document, as the receiving document.

(2) If material is to be inspected at contractor's plant, the contracting officer shall send two copies of the contractual document along with the letter of transmittal to the chief, quality assurance division of the DCAS activity in the locality in which the contractor's plant is located or the AFPRO, as appropriate, who will have authority to determine whether the material will be accepted by physical inspection or by certificate of conformance, according to the contract terms.

(3) When automated procedures are not used, the contracting officer shall send one copy of the contract to the appropriate stock control representative. The copy is not required when purchase information is furnished through the USAF Standard Base Supply System.

4.290 Additional comments.

(a) Upon assignment of the contract, the contracting officer shall provide an AF Form 3043, Contract Status and Distribution Records, to the contract administration office.

PART 4--ADMINISTRATIVE MATTERS

SUBPART 4.4--SAFEGUARDING CLASSIFIED INFORMATION WITHIN INDUSTRY

4.490 Security procedures for contracts performed on U.S. Government installations and in oversea areas.

(a) The DOD Industrial Security Regulation (ISR) establishes for the military departments specific responsibility for the security, supervision, and inspection of contractors having access to classified information.

(b) AFR 205-4, "Air Force Participation in the DOD Industrial Security Program," lists specific procedures to be used for classified Air Force contracts in secure and unsecure facilities on Air Force and other DOD facilities within the U.S., its territories and possessions, and overseas bases. In all cases involving classified contracts or contracts involving classified information, the procuring or contract administration activity shall notify the local Air Force Security Police (SP) office before the contract is awarded. The SP office shall contact the contract performance base's SP office and, jointly with the contracting officer, determine what security clauses shall be inserted in the contract to guard against espionage, sabotage, and unauthorized classified information release. The SP office shall also help the contracting officer coordinate requirements for Air Force contracts being performed on other Service's installations.

(c) For classified contracts, additional distribution of the DD Form 254 shall be made as follows:

(1) To the Chief, Security Police having jurisdiction over the base identified in the U.S. or its territories and possessions, with an information copy to the Director, Security Police, of the major command responsible for the installation.

(2) In areas overseas, to the Director of Security Police, CINCUSAFE (IGS), APO New York 09012 or CINCPACAF (IGS), APO San Francisco 96553, as appropriate.

4.491 Contract clause.

The contracting officer shall insert the clause a 52.204-9000 in solicitations and contracts (excluding those for contractor engineering and technical services) which require performance on U.S. Government installations and in oversea areas.

PART 4--ADMINISTRATIVE MATTERS

SUBPART 4.8--CONTRACT FILES

4.803 Contents of contract files.

(a) Contracting office contract file. AF Form 3019, Contract File Content Checklist shall be completed and included in all contract files for central acquisition of $25,000 or more, unless the checklist on the reverse of the AF Form 3021, Contract Memorandum of Transmittal (Advertised Procurement) is used. AF Form 3020, Contract Memorandum of Transmittal, or 3021 as appropriate, shall be completed and included in the contract file when review and approval is requested at a level above the contracting officer, unless review is waived by the approval authority. Pending issuance of a revised form, the instructions at the top of AF Form 3020 concerning block 9 of the form are to be considered as deleted. This means that block 9 shall be completed instead of referring to the pricing memorandum.

(b) Contract administration office contract file. (10) Delivery orders using the supplementary numbering system. (A list of all other delivery orders shall be maintained in the contract file and the respective delivery orders shall be filed by order number in an inactive file.)

4.804 Closeout of contract files.

4.804-5 Detailed procedures for closing out contract files.

(b) The requirement for a contract completion statement does not apply to small purchases.

TABLE OF CONTENTS

PART 5--PUBLICIZING CONTRACT ACTIONS

SUBPART 5.2--SYNOPSIS OF PROPOSED CONTRACTS

Paragraph	Title	Page
5.201	General.	5.2-1
5.202	Exceptions.	5.2-1
5.207	Preparation and transmittal of synopses.	5.2-1

SUBPART 5.3--SYNOPSIS OF CONTRACT AWARDS

Paragraph	Title	Page
5.301	General.	5.3-1
5.303	Announcement of contract awards.	5.3-1

SUBPART 5.4--RELEASE OF INFORMATION

Paragraph	Title	Page
5.404	Release of long-range acquisition estimates.	5.4-4

SUBPART 5.5--PAID ADVERTISEMENTS

Paragraph	Title	Page
5.502	Authority.	5.5-1

PART 5--PUBLICIZING CONTRACT ACTIONS

SUBPART 5.2--SYNOPSIS OF PROPOSED CONTRACTS

5.201 General.

The report control symbol for synopsis of proposed contracts is RCS: DD-DR&E(AR)1476.

5.202 Exceptions.

(ix) Requests for Secretarial approval shall be submitted to HQ USAF/RDB. The package shall include substantive documentation explaining the impact of synopsis and shall also identify alternative actions to optimize the opportunity for small business participation.

5.207 Preparation and transmittal of synopses.

(b) Format.

(4) Description of the supply/service.

(iii) In the absence of a NSN, the service stock number shall be included, if assigned. If a large number of items are contained in the contract, stock numbers will be listed only for the six items of highest value.

PART 5--PUBLICIZING CONTRACT ACTIONS

SUBPART 5.3--SYNOPSIS OF CONTRACT AWARDS

5.301 General.

The report control symbol for synopsis of contract awards is DD-LA(AR) 1476.

5.303 Announcement of contract awards.

(a) Public announcement. Proposed contract awards over $3 million includes contracts which have a face value, excluding options, of $3 million or more and any subsequent modifications, including provisioning order obligation documents issued against the basic contract which increase the face value of the contract by $3 million or more. This definition includes indefinite delivery, indefinite quantity, requirements, T&M, labor hours, and so forth, and contracts which have an estimated face value of $3 million or more. The following procedures apply for submitting information on proposed contractual actions over $3 million:

(1) Use DD Form 173, Joint Messageform in the format in paragraph (b) of this section. Mark the report DD-LA(AR)1279, For Official Use Only and, if classified information is involved, prepare it according to applicable security regulations. Submit the report to arrive by close of business three working days before the date of notification of the award to the contractor, except for those cases in (3) and (4) below.

(2) After a report has been submitted, report any changes in plans promptly by telephone to SAF/LLP, (202) 697-7114 or (202) 697-2814 (autovon 227-7114 or 227-2814), who will relay these changes to SAF/PA. Confirm changes immediately by DD Form 173 to all recipients of the initial report.

(3) Report letter contracts three days before mailing or delivery to the contractor for signature. Identify these reports as advance notification. Failure to obtain signature on letter contract within a reasonable time after release to the contractor shall require a notification of change in plans.

(4) In emergency situations, when it is clearly in the public interest to award a contract at the earliest possible date and the three day delay would be prejudicial to that interest, request authority to deviate from report requirements from SAF/LLP. Prepare the report in draft form and communicate it by telephone, if unclassified, to the Office of Legislative Liaison, along with the justification for immediate award. Dispatch the report with a statement that the contracting officer has obtained agreement of the

contractor to withhold public announcement of the contract award until 1600 hours (Washington, D.C. time) on the third working day following the date of the award. The award may then be made without the three day delay. Only bona fide emergency situations, such as supplies or services needed to protect lives or prevent destruction of property shall be considered. Failure to provide for the three day delay in the contract lead-time shall not be considered an adequate justification for waiver.

(5) In those acquisitions where source selection procedures as defined in AFR 70-15 and supplements thereto are used, submit the report, as in any other acquisition, to arrive by close of business three working days before the date of notification of the award to the contractor. As an alternative, the report may include all the information required by paragraph (b) of this section, for each offeror under consideration by the source selection authority. In this case, item 17 of the report shall state "Source Selection-Alternative Reporting Procedure Applies," and the identity of the successful offeror shall be provided SAF/LLP no later than 0900 hours (Washington, D.C. time) on the anticipated award date. The identification of the successful offeror may be accomplished by telephone but shall be confirmed by DD Form 173 within 24 hours after award.

(6) Submit reports only to the following offices:

(i) Office of the Secretary of the Air Force/Legislative Liaison (SAF/LLP).

(ii) Office of the Secretary of the Air Force/Public Affairs (SAF/PA).

(iii) HQ USAF/RDCX.

(iv) Applicable major command headquarters.

(b) Report format. Reports shall include the following information in this format. Do not include the subject of each item in the report:

(1) Proposed release date. (Saturdays and Sundays excluded.)

(2) Name and location of proposed contractor. Include street address, zip code, and county; size of business (large or small); and labor surplus area designation.

(3) Face value of the action (broken out by FY funds).

(4) Dollars obligated (broken out by FY funds that are actually being obligated).

(5) Aggregate dollars obligated under the contract before this action.

(6) Aggregate face value of the contract prior to this action.

(7) Type of contract as defined in FAR Part 16, (do not use abbreviations).

(8) Item and quantity to be awarded. (Describe the item in clear, nontechnical language. State the weapon system associated with the contract, if applicable. Do not use abbreviations.)

(9) Name and location of facility to perform the contract including street address, zip code, county, and labor surplus area designation. Indicate whether the facility is a division, affiliate, or subcontractor of the proposed contractor specified in item (2) above. If more than one place of performance is listed, indicate percentage of work to be performed at each.

(10) Number of firms solicited and the number of firms submitting bids/proposals. (For modifications to previously reported contracts, enter NA.)

(11) Name and address of contracting activity.

(12) Name and telephone number of contracting officer most familiar with the proposed contract.

(13) Date when the equal employment opportunity preaward review was accomplished and the agency which performed the review (including regional office, when appropriate).

(14) Foreign military sales (FMS) information, if applicable. (Indicate whether the contract relates to classified or unclassified FMS and identify the country/countries concerned on unclassified sales).

(15) Contract number (and modification or order number, if applicable).

(16) Information on any proposed local press release or any previous local Congressional interest.

(17) If formal source selection procedures are being used, state either "Source Selection - Alternative Reporting Procedure Does Not Apply" or "Source Selection - Alternative Reporting Procedure Applies."

PART 5--PUBLICIZING CONTRACT ACTIONS

SUBPART 5.4--RELEASE OF INFORMATION

5.404 Release of long-range acquisition estimates.

(a) Advance notification to industry assists its planning in response to selected long-range Air Force requirements. When a substantial decrease is contemplated in Air Force requirements, it provides industry time to plan for and seek other business, reducing impacts occuring when initial notification is received upon release of the solicitation.

(b) Semiannual requirement computations or program requirements estimated to be acquired for all recoverable items shall be furnished to HQ AFLC and HQ AFSC purchasing offices. Computations and requirements, along with certain mobilization information, to be furnished shall consist of the following:

(1) National stock number, part number, or AERNO number.

(2) Noun (system, subsystem, assembly, component, part, or item).

(3) Quantity anticipated to be purchased for the balance of the current FY.

(4) Quantity anticipated to be purchased in the next fiscal year.

(5) Quantity of mobilization materiel requirements for each of the two subsequent fiscal years.

(6) Name of the planned mobilization producer.

(c) Semiannually, the purchasing office shall make the information in paragraphs (b)(1) through (4) above available to industry by synopsizing this information in the Commerce Business Daily or special editions thereof. If this is not practical due to the volume of information to be released, then industry will be notified through the Commerce Business Daily that this information is available at the purchasing office. If the latter procedure is used, the publication shall be in accordance with FAR Part 5. In such cases, it is permissible to use commodity class descriptions in the synopsis.

(d) The responsible industrial preparedness activity will ensure notification is provided to all identified mobilization materiel requirement sources.

(e) The information submitted to each purchasing office under paragraph (b) above should be made available for industry review at appropriate field offices such as small business offices. Purchasing offices shall make necessary additional dissemination to the extent deemed feasible.

PART 5--PUBLICIZING CONTRACT ACTIONS

SUBPART 5.5--PAID ADVERTISEMENTS

5.502 Authority.

(a) Newspapers. (1) Authority to approve the publication of paid advertisements in newspapers for proposed contracts has been delegated by the Secretary in SAFO 650.5 dated 10 Oct 1980 as follows:

(i) for HQ AFLC--

(A) Commander;

(B) Deputy Chief of Staff and Assistant Deputy Chief of Staff, Contracting and Manufacturing;

(C) Commander and Director of Contracting and Manufacturing, Air Logistics Centers;

(D) Commander, 2750th Air Base Wing;

(E) Commander, The Military Aircraft and Storage Disposition Center;

(F) Commander, 2803 3rd Air Base Group; and

(G) Commander, Air Force Acquisition Logistics Center.

(ii) for HQ AFSC--

(A) Commander;

(B) Deputy Chief of Staff, and Assistant Deputy Chief of Staff, Contracting and Manufacturing, HQ AFSC or acting Deputy Chief; and

(C) Commander and principal staff officer responsible for contracting at AFSC Divisions, Ballistic Missile Office, Centers, and AFOSR.

(iii) Commander and vice commander of major commands (other than HQ AFLC and HQ AFSC) with authority to redelegate expenditures of $1,000 or less to the senior commander principally responsible for installation support at each base (or an individual acting in those positions). This authority shall not be redelegated.

(2) Authority to approve the publication of paid advertisements for purposes of recruiting civilian employees has been delegated to the Director of Civilian Personnel, HQ USAF, the directors of civilian

personnel at major commands, and separate operating agencies, and civilian personnel offices in charge of central civilian personnel offices. This authority shall not be redelegated.

TABLE OF CONTENTS

PART 7--ACQUISITION PLANNING

SUBPART 7.1--ACQUISITION PLANS

Paragraph	Title	Page
7.103	Agency-head responsibilities.	7.1-1
7.104	General procedures.	7.1-2
7.105	Contents of written acquisition plans.	7.1-2

SUBPART 7.3--CONTRACTOR VERSUS GOVERNMENT PERFORMANCE

Paragraph	Title	Page
7.305	Solicitation provisions and contract clause.	7.3-1
7.390	Implementation of the right of first refusal.	7.3-1

SUBPART 7.4--EQUIPMENT LEASE OR PURCHASE

Paragraph	Title	Page
7.401	Acquisition considerations.	7.4-1

PART 7--ACQUISITION PLANNING

SUBPART 7.1--ACQUISITION PLANS

7.103 Agency-head responsibilities.

(a) Written acquisition plans (AP) shall be prepared for--

(1) All production and Class IV and V modification programs (see AFR 57-4) when the estimated total program cost is $5,000,000 or more;

(2) All high risk Class V modifications. (See Table 1 of AFR 57-4);

(3) All acquisitions which must have a Secretarial D&F authorizing contract by negotiation; and

(4) Other acquisitions at the discretion of the principal staff officer responsible for contracting at the command headquarters, at ALCs within AFLC or at divisions and centers within AFSC.

(b) The AP shall include all subsystems, GFE, major component contractual actions, and all other contracts which have a significant effect on the total program. Such plans shall also be prepared for major subsystems or components being purchased as separate actions such as engines, avionics, and other similar requirements.

(d) Each command is responsible for establishing internal policies/procedures for preparation, coordination, update and implementation of the AP developed in accordance with DOD FAR Sup 7.102 and 7.103.

(e)(1) Each command is responsible for establishing the necessary approval requirements.

(2) For major programs, acquisitions shall be approved by the program manager. The plan shall be reviewed and coordinated with the subcommand director of contracting before program manager approval. The staff officer responsible for contracting for the major command shall review and coordinate all plans before their submission to HQ USAF in support of the necessary program approvals.

(3) Unless specifically directed otherwise, APs for major programs as defined in AFR 800-2 shall be attached to the advocacy documentation seeking program approval and submitted to the appropriate HQ USAF/RD directorate. For modification programs defined in AFR 57-4, the plan shall be submitted to the appropriate directorate in HQ USAF/RD and LE along with AFLC/AFSC Form 44 and AFLC Form 48.

(g) The narrative portion of the plan shall include all items identified in the format which pertain to the program/project. Additional pertinent items may be included. Plans which do not contain classified information shall be marked "FOR OFFICIAL USE ONLY" and be handled and safeguarded as required for documents so marked.

7.104 General procedures.

(c) APs shall be used to support Determinations and Findings (D&Fs).

7.105 Contents of written acquisition plans.

(a) Acquisition background and objectives. The preparer of the AP shall ensure that reviewers at all management levels have access to documents referenced in the AP. This may be accomplished by providing the document, reproducing and attaching pertinent extracts, or quoting the reference within the body of the plan, whichever is most practical. In extraordinary cases, documents may be referenced provided they can be made available for immediate use if needed by the reviewing officials.

(b) Plan of action. (2) Competition. One of the most promising concepts to minimize cost growth of weapon systems is the increased use of competition throughout the acquisition cycle, especially during the production phase. APs which support Secretarial Determination and Findings shall address multiple sourcing considerations. In addition, APs which accompany experimental, developmental or research work (FAR 15.211) for full scale development shall justify either that the system or subsystem being developed will not be procured in sufficient quantities to warrant multiple sources or to submit in lieu thereof a plan for developing multiple sources in the production stage. If only one source is determined to be able to satisfy the requirement, a sole source justification approved by the HCA shall be attached and submitted with the AP.

(a)(70) Applicability of a Decision Coordinating Paper (DCP), Program Memorandum Defense System Acquisition Review Council (DSARC) and/or Internal Service Reviews. The plan shall be used to develop the acquisition methodology contained in the DCP and to support review actions of the Air Force Systems Acquisition Review Council (AFSARC) or the DSARC. The plan also becomes an integral part of the program management plan (PMP).

(4) Contracting considerations. Identify program strategy for selecting items to be warranted, the types of warranties to be used, and the methods for requesting and evaluating warranty proposals. Identify any waivers in existence or contemplated.

PART 7--ACQUISITION PLANNING

SUBPART 7.3--CONTRACTOR VERSUS GOVERNMENT PERFORMANCE

7.305 Solicitation provisions and contract clause.

(a) The contracting officer shall insert the special contract requirement at 52.207-3 in solicitations and contracts when the clause at FAR 52.207-3 applies.

7.390 Implementation of the right of first refusal.

(a) By the date of contract award, the base Civilian Personnel Officer (CPO) shall give the contracting officer an estimate of the number of Air Force employees who will be involuntarily separated as a result of contracting out. At the contract award, the contracting officer shall require the contractor to provide the contracting officer (within 10 days) enough employment application forms for the number of employees who may be involuntarily separated. If the contractor does not have specific forms, it shall give the contracting officer the information required for employment application.

(b) As soon as the CPO has identified (usually within 15 days after reduction in force notices have been delivered) the specific employees who are scheduled to be involuntarily separated, the CPO shall inform each employee in writing, of the "Right of First Refusal for Employment Openings" clause and invite the employee to a meeting to receive more information about the clause. The CPO shall give the contracting officer a list of these employees' names and a certification that each employee was given an invitation. At the meeting, the Chairperson of the Steering Group shall explain the origin and purpose of the clause, and the workload to be accomplished by the contractor. The contracting officer shall explain the meaning of the clause (for example, who is displaced, who determines qualification, and so forth) and the procedures that will be followed by the Air Force to make sure the contractor complies. The contracting officer shall obtain a list of names of all attendees. The list shall be kept in the contracting officer's contract administration file.

(c) The CPO shall inform the employees of the provisions of FPM Supplement 990-2, Book 550, S7-3b(6). An employee is excluded from severance pay benefits if offered comparable employment with the private organization on or before the date of the transfer of the employee's function to the private organization, whether the employee accepts or declines the offer. If, however, the employee is employed in any position (comparable or otherwise) by the private organization within 90 days after the transfer of the employee's function to that organization, the employee is ineligible for severance pay.

(d) The CPO shall give each employee an employment application form from the contractor, or instead, the employee shall be told of the information the contractor requires of applicants. The CPO shall give each employee the name and address of the contractor and tell each employee that it is the employee's decision whether or not to submit the applications. The employees shall be told that their applications must be in the hands of the contractor within two weeks if they want to be considered for employment under the clause guaranteeing the right of first refusal.

(e) Within 10 days after contract award, the contractor shall furnish employment application forms to the contracting officer. The contracting officer shall specify the number of copies required. The contracting officer shall give the contractor a list of the names of Air Force employees that are to be involuntarily separated. Within one week after contract start date, the Contractor shall give the contracting officer a list of the names of any applicants who were named on the involuntary separated list and the list shall identify the former Air Force employees who--

(1) Rejected offers of employment;

(2) Have been or will be hired;

(3) Were not offered jobs because they were not qualified; and

(4) Were qualified but not offered a job because there were not enough jobs.

The contracting officer shall also give the contractor a list of names of Air Force employees who have been involuntarily separated. The contractor shall give the contracting officer the names of all individuals identified on this list who are hired within 90 days after the contract start date. The notification shall be made within five days after the individual is hired.

(f) The contracting officer shall give the CPO any names received. The CPO shall then inform the appropriate federal officials so that any severance pay for those persons may be stopped.

PART 7--ACQUISITION PLANNING

SUBPART 7.4--EQUIPMENT LEASE OR PURCHASE

7.401 Acquisition considerations.

The decision to lease or purchase dispensing equipment, including those for bulk milk and other food, is subject to the criteria in FAR 7.401. New contracts will not be established nor will contract options be exercised without application of FAR 7.401. The decision to lease rather than purchase rests with the requiring activity.

TABLE OF CONTENTS

PART 8--REQUIRED SOURCES OF SUPPLIES AND SERVICES

SUBPART 8.3--ACQUISITION OF UTILITY SERVICES

Paragraph	Title	Page
8.304	Acquiring utility services.	8.3-1
8.304-2	GSA area-wide contracts.	8.3-1
8.304-90	Delegation of contracting authority.	8.3-1

SUBPART 8.8--ACQUISITION OF PRINTING AND RELATED SUPPLIES

Paragraph	Title	Page
8.800	Scope of subpart.	8.8-1
8.801	Definitions.	8.8-1
8.802	Policy.	8.8-1
8.890	Technical order (TO) printing.	8.8-1
8.891	Air Force-owned printing and duplicating equipment.	8.8-3

PART 8--REQUIRED SOURCES OF SUPPLIES AND SERVICES

SUBPART 8.3--ACQUISITION OF UTILITY SERVICES

8.304 Acquiring utility services.

8.304-2 GSA area-wide contracts.

(c) Requests for determination concerning mandatory use of GSA area contracts shall be submitted through command channels to HQ USAF/RDCL.

8.304-90 Delegation of contracting authority.

The authority to enter into contracts for public utility services is hereby redelegated to the major commands and separate operating agencies listed in 1.601-91 and DOD FAR Sup Subpart 2.1. All previous delegations of this authority are rescinded.

PART 8--REQUIRED SOURCES OF SUPPLIES AND SERVICES

SUBPART 8.8--ACQUISITION OF PRINTING AND RELATED SUPPLIES

8.800 Scope of subpart.

Air Force policy is set forth in AFR 6-1, published by HQ USAF Reprographics Management and Printing Procurement Branch.

8.801 Definitions.

"Acquisition of Printing and Related Supplies" as used in this Supplement encompasses all "Reprographics" processes. These processes are printing, binding, copying/duplicating, blank book, and microform work (including any items requiring the processes of composition, platemaking, presswork, or binding). Composition is further defined as the setting of type by hot metal casting, phototypesetting, or electronic character generating devices (CRT, laser, or similar) to produce reproducible paper copy, negatives, plates, or images for use in the production of printing or microform. "Related Supplies" is the equipment and supplies used in these processes.

8.802 Policy.

(b) HQ USAF Reprographics Management and Printing Procurement Branch (HQ USAF/DAPR) is the central printing authority. Policy is published in AFR 6-1. Contractors are not authorized to accomplish printing intended primarily for use by the Air Force. Therefore, contracting officers, through the Command Director of Administration (CDA) shall obtain approval from HQ USAF/DAPR prior to contracting fcr any printing and related supplies.

8.890 Technical order (TO) printing.

(a) When requirements for development of contents and preparation of TOs are to be included in a contract for supplies and services, the contracting officer shall determine whether an authorization is necessary to permit inclusion of a requirement for composition or lithographic negatives, (defined in AFR 6-1, paragraph 4-3), in the contract. If an authorization is required, the contracting officer shall assure that such authorization has been obtained and that the authorization number is included in the AFAD 71-531 series exhibits before inclusion of a requirement for these processes in the IFB, RFP, or contract.

(b)(1) Immediately following contract award, the PCO shall request that printing support be provided. The request shall be made to HQ USAF/DAPR through the Command Director of Administration (CDA). The request shall include the printing specifications and estimated annual requirements for the life of the contract. CDA as further delegated will prepare a requisition (SF 1) for term printing contract and submit detailed specifications to HQ USAF/DAPR. HQ USAF will arrange for the GPO to establish a printing contract with a commercial printer, normally, in the vicinity of the contractor's facility where the contract for suplies or services will be performed. Approximately 120 days will be required to establish a printing contract. Upon being informed that a printing contract has been awarded by the GPO, HQ USAF will notify the CDA as to--

(i) The name and address of the commercial printer;

(ii) The name and address of the regional GPO responsible for contract administration;

(iii) Whether orders will be processed directly to the contract printer or through the regional GPO; and

(iv) Any other information required to obtain printing support requested.

(2) CDA will take action to implement procedures to obtain initial distribution decks (mailing labels) and quantitative requirements, issues instructions in preparing GPO Form 2511 (print order) for placing orders against GPO printing contract, and request funds to support projected printing requirements.

(3) The contractor responsible for supplies or services shall deliver the package of manuscripts, illustrative material, lithographic negatives or camera-ready copy (if supported by a JCP authorization), etc., as required for printing of TOs to the cognizant government quality assurance representatives (QAR). The QAR shall inspect and accept (or reject) the package for the government. If rejected, the package shall be returned to the contractor for correction and resubmission.

(c) Obligation and adjustment of funds for orders against GPO printing contracts.

(1) Before issuing orders against GPO printing contracts, evidence that funds are available to support print orders must be present. The government representative responsible for monitoring these funds shall assure that estimated dollar values of print orders issued do not exceed the value of funds obligated for this purpose.

(2) Funding adjustments shall be accomplished by the funding activity upon receipt of the GPO Form 400D, Invoice.

(d) The GPO is responsible for government inspection and acceptance of the printed matter and assurance that distribution is according to instructions in the printing contract and print order. Reproducibles and/or negatives shall be returned to the contractor who prepared them for storing and updating, or as otherwise instructed by the contracting officer.

8.891 Air Force-owned printing and duplicating equipment.

The contractng officer shall obtain the authorization of HQ USAF/DAPR to award a contract which requires the contractor to operate printing or duplicating equipment owned by the Air Force (AFR 6-1, Chapter 9). The contract shall include procedures for reporting the production from this equipment as required by AFR 6-1, Chapter 10.

pages tightly bound

TABLE OF CONTENTS

PART 9--CONTRACTOR QUALIFICATIONS

SUBPART 9.1--RESPONSIBLE PROSPECTIVE CONTRACTORS

Paragraph	Title	Page
9.106	Preaward surveys.	9.1-1
9.106-90	Requests for base level preaward surveys.	9.1-1
9.106-91	Professional type services preaward surveys.	9.1-1

SUBPART 9.2--QUALIFIED PRODUCTS

Paragraph	Title	Page
9.204	Justification for including qualification requirements.	9.2-1
9.206	Acquiring qualified products.	9.2-1
9.206-1	General.	9.2-1

SUBPART 9.4--DEBARMENT, SUSPENSION, AND INELIGIBILITY

Paragraph	Title	Page
9.404	Consolidated List of Debarred, Suspended, and Ineligible Contractors.	9.4-1
9.405	Effect of listing.	9.4-1
9.405-1	Continuation of current contractors.	9.4-1
9.472	Reporting.	9.4-1
9.472-1	Situation where reports are required.	9.4-1
9.472-2	Contents of reports.	9.4-1
9.472-3	Address and copies of reports.	9.4-2

PART 9--CONTRACTOR QUALIFICATIONS

SUBPART 9.1--RESPONSIBLE PROSPECTIVE CONTRACTORS

9.106 Preaward surveys.

9.106-90 Requests for base level preaward surveys.

(a) When there may be some question about the ability of the prospective contractor to perform base level service and construction contracts, appropriate technical personnel from the concerned installation should participate in the preaward survey. Areas of interest might include performance plans, quality controls, personnel recruitment and training, workload factors for manpower utilization, handling of peak workloads, handling or providing equipment and any other area having a significant bearing on the contractor's ability to perform.

(b) Particular care must be exercised in situations where the low responsive bidder has bid a price significantly below other bidders or the government estimate. Before determining that such a bidder is responsible, the contracting officer must make an affirmative determination that the bidder can sustain the estimated loss, if any, and still be able to perform the contract requirements.

9.106-91 Professional type services preaward surveys.

(a) Generally, preaward surveys are not performed for acquisition of professional type services such as those provided by doctors, lawyers or other licensed and/or regulated professions.

(b) To assist in making a determination of responsibility for professional type services, the types of information listed below shall be obtained from the bidder/offeror. The information requested may vary according to the particular service being acquired and the number and expertise of professional personnel required.

(1) Organizational structure and plan contemplated to accomplish the service.

(2) Summary of experience in performing the same or similar service.

(3) Resume of key personnel with particular emphasis on academic accomplishments pertinent to the service to be performed.

(4) Evidence of professional liability insurance, or evidence such insurance can be obtained.

(5) Membership in professional organizations.

(6) Information on pertinent state and local licenses.

(7) Information on the firm or key individuals that reflect their status or professional recognition in their field of endeavor, such as awards, published articles in professional journals or magazines, and so forth.

(8) When the statement of work includes a review of credentials by the requiring activity, this review should be considered a part of the preaward survey, and would minimize the information otherwise requested from the bidder.

PART 9--CONTRACTOR QUALIFICATIONS

SUBPART 9.2--QUALIFIED PRODUCTS

9.204 Justification for including qualification requirements.

The HQ AFLC Command Standardization Office (HQ AFLC/MMLIC) and the HQ AFSC Command Standardization Office (HQ AFSC/ALXP) are the control points for coordination within their respective commands of the justification for inclusion of qualification requirements in specifications. Command approval of the justification shall be forwarded to the Air Force Departmental Standardization Office, HQ USAF/RDXM (DepSo), for final approval.

9.206 Acquiring qualified products.

9.206-1 General.

(c)(3) When products have been approved for inclusion on a qualified product list, waivers of the qualification requirement shall be according to FAR 9.206-1(c)(3) with an information copy forward to each of the three organizations listed in 9.204.

PART 9--CONTRACTOR QUALIFICATIONS

SUBPART 9.4--DEBARMENT, SUSPENSION, AND INELIGIBILITY

9.404 Consolidated List of Debarred, Suspended, and Ineligible Contractors.

Each Air Force contracting activity shall obtain and have available the most recent edition of the Consolidated List. HQ USAF/RDCX shall provide message updates concerning additional contractors and individuals suspended or debarred or those being proposed for debarment.

9.405 Effect of listing.

9.405-1 Continuation of current contractors.

If it is determined the listed contractor or individual is attempting to do business with the contracting activity, all contracting officers at that activity shall be immediately advised of the contractor's or individual's debarment/suspension status. If a contract has been awarded, the contract shall be reviewed to determine whether additional or extraordinary contract administration actions should be taken to protect the interests of the Air Force.

9.472 Reporting.

9.472-1 Situation where reports are required.

(a) The contracting officer shall also prepare a report when a nonresponsibility determination is based on the contractor's lack of integrity or business honesty which seriously and directly affects the contractor's present responsibility as a government contractor or subcontractor.

(b) Department of Defense policy is that debarments and suspensions shall be accomplished in a timely manner. Therefore, reports on contractors and individuals that have been indicted or convicted will be forwarded to arrive AF/RDCX not later than 20 days after the knowledge of the contractor's indictment or conviction was received by the contracting activity.

9.472-2 Contents of reports.

(a) The pertinent evidence to be included in the report would be a summary of any criminal investigations, relevant audit reports, legal proceedings and proceedings before Board of Contract Appeals concerning the company or individual.

(b) The report shall also provide the name of the investigating agency or agencies, if any, that is investigating or has investigated either the facts reflected in the report or other aspects of the company's or individual's dealing with the government.

(c) Recommendations for suspension or debarment shall be initiated by the purchasing activity and coordinated with the local JAG activity and forwarded to the major command where they will also be coordinated with JAG. These reports will be processed and staffed at all levels on an expedited basis. Matters relating to nonappropriated fund activities shall be processed in the same manner as those relating to appropriated activities (authority: DOD Directive number 4105.66, subject: Suspension and Debarment of Nonappropriated Fund Contractors, 23 Oct 71).

9.472-3 Address and copies of reports.

Reports under this section 9.472 shall be forwarded by the major command to HQ USAF/RDCX.

TABLE OF CONTENTS

PART 10--SPECIFICATIONS, STANDARDS, AND OTHER PURCHASE DESCRIPTIONS

Paragraph	Title	Page
10.004	Selecting specifications or descriptions for use.	10.0-1
10.004-90	Commissary brand name resale items.	10.0-2

PART 10--SPECIFICATIONS, STANDARDS, AND OTHER PURCHASE DESCRIPTIONS

10.004 Selecting specifications or descriptions for use.

(a) "Brand name or equal" purchase descriptions are limited to situations where the contracting officer determines that a reasonable expectation exists that competitive offers will be received. "Brand name or equal" purchase descriptions shall include the two parts listed under paragraph (b) of this section.

(b) "Brand name or equal" purchase descriptions consist of two parts:

(1) A generic description of what is required - brand name(s), model numbers, and any other information mentioned in DOD FAR Sup 10.004(b)(3)(i)(B); and

(2) A description of the salient physical, functional, or other characteristics required to meet the minimum needs of the government.

(c) Generally, "brand name or equal" purchase descriptions should be constructed following these guidelines:

(1) Reference more than one brand name whenever possible.

(2) Describe the salient characteristics in sufficient depth to allow submission of offers on an "or equal" basis.

(3) Describe the salient characteristics in sufficient detail to assure offers of "or equal" products satisfy the minimum requirements of the government.

(4) State whether measurements are exact or approximate. Generally, physical measurements are approximate.

(5) Identify dimensions, for example, 4 feet wide, 5 feet high, and 2 feet deep.

(6) Include plus or minus parameters when appropriate.

(7) State compatibility requirements when appropriate, for example, size, voltage, connectors, and so forth.

(8) State requisite level of quality.

(d) The activity initiating the requirement is responsible for preparing the "brand name or equal" purchase description. This activity should research the brochures and product specifications of various manufacturers. The review should not be limited to the brand names referenced in the purchase description.

(e) This section is not mandatory for small purchase procedures.

10.004-90 Commissary brand name resale items.

Purchase requests from authorized commissary personnel for brand name resale items not included in Defense Logistics Agency Supply Bulletins shall be accepted by contracting officers if a statement essentially as follows is on the purchase request:

"The items requisitioned by this purchase request are authorized brand name resale items approved by the commissary officer." The above statement will be the basis for preparation of the necessary determination and findings when required under FAR 15.208.

TABLE OF CONTENTS

PART 12--CONTRACT DELIVERY OR PERFORMANCE

SUBPART 12.1--DELIVERY OR PERFORMANCE SCHEDULES

Paragraph	Title	Page
12.102	Factors to consider in establishing schedules.	12.1-1
12.103	Supplies or services.	12.1-1

SUBPART 12.2--LIQUIDATED DAMAGES

Paragraph	Title	Page
12.202	Policy.	12.2-1

SUBPART 12.3--PRIORITIES, ALLOCATIONS AND ALLOTMENTS

Paragraph	Title	Page
12.303	Procedures.	12.3-1

PART 12--CONTRACT DELIVERY OR PERFORMANCE

SUBPART 12.1--DELIVERY OR PERFORMANCE SCHEDULES

12.102 Factors to consider in establishing schedules.

(b) If at the time of issuing an invitation for bids it is known that the issuance of a notice to proceed will be delayed because of the construction season, or for other known reasons, the following statement shall be included in the invitation for bids:

THE GOVERNMENT CONTEMPLATES ISSUANCE OF A NOTICE TO PROCEED FOR THIS REQUIREMENT ON OR ABOUT ____(Date)____.

12.103 Supplies or services.

(a) When contract delivery schedules are based on date of receipt of the contract by the contractor, that date shall be determined by the government by the use of AF Form 3040 or by certified mail. These procedures are not applicable to purchase orders on DD Form 1155.

(b) If certified mail-return receipt requested or AF Form 3040 is used, completed receipts shall be maintained in the contract file and the administering activity notified accordingly.

PART 12--CONTRACT DELIVERY OR PERFORMANCE

SUBPART 12.2--LIQUIDATED DAMAGES

12.202 Policy.

(a) Legal advice and review shall be obtained before using liquidated damages provisions in contracts for other than construction.

(d) A contractor shall submit a request in writing to the contracting officer for total or partial remission of liquidated damages previously assessed. If the contracting officer determines that the request for remission is without merit, the request shall be denied. Denial of requests favorably recommended by the contracting officer shall be resolved at the lowest level possible. Favorable recommendations for total or partial remissions shall be forwarded by the PCO with appropriate documentation through command contracting channels to HQ USAF/RDCP for submission to the Secretary.

PART 12--CONTRACT DELIVERY OR PERFORMANCE

SUBPART 12.3--PRIORITIES, ALLOCATIONS AND ALLOTMENTS

12.303 Procedures.

(a) Contracting officers shall apply DO and DX ratings to contracts in accordance with AFR 70-24 and AFM 78-4, and ensure that contractors and subcontractors utilize priorities assistance procedures outlined in AFM 78-4.

(b) HQ AFSC/PMDM shall --

(1) Make allotments of controlled materials to Air Force contractors with ratable contracts and delivery orders within the allotment jurisdiction of the Department of Defense;

(2) Reschedule deliveries of materials which are required in support of the Aircraft (A1) program and the Air Force portion of the Missiles (A2) program. Such authority is limited to rescheduling deliveries on rated orders or authorized controlled materials orders which are requested or concurred in by the department or associated agency under whose authority they were issued. Rescheduling of delivery may be directed only if it requires no change in the production schedule of the person making the delivery. The procedures in AFM 78-4 apply; and

(3) Administer the DMS Audit Program of Selected Airframe and Aircraft Component Plants assigned to DOD under the Department of Defense-Department of Commerce Interagency Compliance Agreement.

(c)(1) Assignment of claimant program code shall be made in accordance with AFM 78-4. The claimant program code associated with the DD Form 350 and covered in DOD FAR Sup 4.671-5(b)(8)(ii) is different and cannot be used in association with priority ratings.

TABLE OF CONTENTS

PART 13--SMALL PURCHASE AND OTHER SIMPLIFIED PURCHASE PROCEDURES

SUBPART 13.1--GENERAL

Paragraph	Title	Page
13.107	Solicitation and evaluation of quotations.	13.1-1

SUBPART 13.2--BLANKET PURCHASE AGREEMENTS

Paragraph	Title	Page
13.203	Establishment of Blanket Purchase Agreements.	13.2-1
13.203-1	General.	13.2-1
13.204	Purchases under Blanket Purchase Agreements.	13.2-1
13.205	Review procedures.	13.2-1
13.290	Prepriced BPAs.	13.2-1

SUBPART 13.4--IMPREST FUND

Paragraph	Title	Page
13.402	General.	13.4-1
13.405	Procedures.	13.4-1
13.405-90	C.O.D. orders.	13.4-1

SUBPART 13.5--PURCHASE ORDERS

Paragraph	Title	Page
13.502	Unpriced purchase orders.	13.5-1
13.503	Obtaining contractor acceptance and modifying purchase orders.	13.5-1
13.504	Termination or cancellation of purchase orders.	13.5-1
13.505	Purchase order and related forms.	13.5-1
13.505-2	Agency order forms in lieu of Optional Forms 347 and 348.	13.5-1
13.505(72)	Forms.	13.5-1

SUBPART 13.90--BASE CONTRACTING ADMINISTRATION OF SMALL PURCHASES

Paragraph	Title	Page
13.9001	Follow-up.	13.90-1
13.9002	Action against habitually delinquent contractors.	13.90-1
13.9003	Corrections of administrative errors.	13.90-2

SUBPART 13.91--SMALL PURCHASE PROCEDURES FOR MAINTENANCE AND CONSTRUCTION SERVICES

Paragraph	Title	Page
13.9100	Scope of subpart.	13.91-1
13.9101	Requiring activity.	13.91-1
13.9102	Contracting office.	13.91-1
13.9103	Alternatives.	13.91-2

PART 13--SMALL PURCHASE AND OTHER SIMPLIFIED PURCHASE PROCEDURES

SUBPART 13.1--GENERAL

13.107 Solicitation and evaluation of quotations.

(a) Forms. (2) SF 18 shall not be used to solicit firm offers, regardless of type of contract contemplated. When SF 18 is used, the solicitation shall not include any instructions or conditions which advise the quoter that the most favorably initial quotation may be accepted without discussion.

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PART 13--SMALL PURCHASE AND OTHER SIMPLIFIED PURCHASE PROCEDURES

SUBPART 13.2--BLANKET PURCHASE AGREEMENTS

13.203 Establishment of Blanket Purchase Agreements.

13.203-1 General.

(j)(1) Description of agreement. When the Blanket Purchase Agreement (BPA) is limited to specific items on a price list, include a statement that the supplier shall furnish firm price lists periodically as required by the contracting officer.

13.204 Purchases under Blanket Purchase Agreements.

(a) The Accounting and Finance Offices (AFOs) must have evidence of an obligation, a valid receiving report, and a proper invoice before paying for purchases under BPAs.

(b) Evidence of obligation of computer generated requirements is provided by the automated system to the AFO. Evidence of obligation for medical supplies is similarly provided to the AFO in computer detail listings. Obligations under decentralized commissary prepriced BPAs are recorded at time of item receipt.

(c) For payment under services BPAs or other BPAs not covered by paragraph (b) of this section, the contracting office shall furnish the AFO evidence of an actual obligation (call) using informal correspondence, BPA register, or annotated DD Forms 250, 1348-1, or 1155. When calls are cancelled for these BPAs, informal correspondence shall be used to notify the AFO.

(d) BPA registers shall be provided to the AFO at the end of each monthly report processing cycle to aid in quarterly reconciliation of accounts. Registers shall contain data as requested by AFO, except that system developed registers shall not be altered to add additional data.

13.205 Review procedures.

The supporting base contracting office shall make the semi-annual review of prepriced BPAs written by commissary complex or central contracting activities. Distribute reports to the activity making calls and the contracting activity using the BPA.

13.290 Prepriced BPAs.

(a) Authority to place calls may be delegated to requiring activities when prepriced BPAs are used. Individuals (authorized activities) may be authorized to place calls against prepriced BPAs under the conditions specified in this section.

(b) Except for commissary resale items (see AF DAR Sup 4-5104, (NOTE: This AF DAR Sup paragraph will be added in a future change to this Supplement. Until then, use existing coverage.) The contracting officer shall establish firm unit prices or obtain price lists for specific periods of time from each BPA holder. When the contracting officer determines that prices are fair and reasonable, the list shall be stamped or marked "Approved" and signed by the contracting officer. The contracting officer shall retain the original list in the BPA file and forward copies to the activities designated to place calls. The authorized activity shall place calls only against the approved price lists. If it becomes necessary to order items not previously cleared on the approved price list, the call shall be approved verbally by the contracting officer and the authorized activity shall document the call file to justify this action.

(c) Authorized activities shall not negotiate or solicit prices. Requests for items not on a price list shall be submitted to the contracting officer for separate contract action or addition of the items to the price lists. Records of calls shall be maintained as required by the contracting officer for control of funds and acquisition reports. Any problems with BPA holders shall be referred to the contracting officer for necessary action.

(d) The accounting data procedures in 13.204 apply.

(e) Base activities authorized by contracting officers at centralized contracting activities to place calls against prepriced BPAs are responsible to and shall follow the guidance of the contracting officer who authorized the placement of calls.

(f) Any reporting of actions in paragraph (e) of this section will be as directed by the contracting officer who authorized placement of calls.

pages tightly bound

PART 13--SMALL PURCHASE AND OTHER SIMPLIFIED PURCHASE PROCEDURES

SUBPART 13.4--IMPREST FUND

13.402 General.

(c)(1) When the imprest fund cashier is authorized to make purchases, the fund shall be under the jurisdiction of the base contracting officer. However, the base contracting officer does not have jurisdiction of imprest funds which are established at--

(i) Isolated activities;

(ii) Base medical facilities when needed to make immediate purchases;

(iii) Deployed tactical organizations under emergency conditions; and

(iv) Research laboratories or highly technical functions subject to prior written approval of the major command of the host base.

(2) Requests for appointment shall be processed by the contracting office responsible for contract support of the unit to which the imprest fund cashier is assigned. The request shall be forwarded through the disbursing office to the installation commander for approval. Appointments other than those authorized in paragraph (c) of this section shall be approved by the staff officer responsible for contracting at the base major command headquarters. The base contracting officer is responsible for ensuring that imprest fund cashiers (those authorized to make purchases) located outside the contracting office are sufficiently trained to efficiently discharge their duties.

13.405 Procedures.

(h) Inspections made by accounting and finance officers each month in accordance with AFM 177-102 satisfies the review requirements of the DOD FAR Supplement.

13.405-90 C.O.D. orders.

(a) The DD Form 1155 may be used to place C.O.D. orders without obtaining prior verbal or written quotations if--

(1) The order is endorsed "Payment to be made from Imprest Fund";

(2) The order specifies that shipment can be made only if--

(i) The item strictly conforms to the purchase description;

(ii) The total price of the item does not exceed the ceiling price stated in the order; and

(iii) Delivery can be made C.O.D. within 30 days from the date of order; and

(3) The order instructs the contractor to withhold shipment if all the foregoing conditions cannot be met and requests the contractor to advise of nonshipment and any counter offer concerning substitute item, price, or delivery date.

(b) For reporting purposes, only actual prices paid for the item shall be reported. When the order is placed, the ceiling price shall be entered by pencil on an appropriate control register. Bases preparing manual reports shall use the registers prescribed in AFM 70-332.

PART 13--SMALL PURCHASE AND OTHER SIMPLIFIED PURCHASE PROCEDURES

SUBPART 13.5--PURCHASE ORDERS

13.502 Unpriced purchase orders.

The procedures in FAR 13.502 with respect to unpriced purchase orders, also apply to unpriced delivery orders placed against GSA contracts having time and material or labor hour type characteristics except that dollar limitations shall be in accordance with the GSA contract. However, this type of order shall be reported as a delivery order.

13.503 Obtaining contractor acceptance and modifying purchase orders.

When the purchase order does not authorize any variation in quantity and there is a shortage on final shipment, the order may be accepted and considered complete without issuance of a modifying document if the shortage is negligible and the action will not impair the operation of the base (AFM 177-102, paragraph 20705).

13.504 Termination or cancellation of purchase orders.

The contracting officer shall give written notice to the local Accounting and Finance Office (AFO) that a purchase order has been cancelled. Written notice is required to allow the AFO to properly deobligate funds.

13.505 Purchase order and related forms.

13.505-2 Agency order forms in lieu of Optional Forms 347 and 348.

13.505(72) Forms.

(a) When the DD Form 1155 is used as a delivery order, the responsibility for scheduling deliveries under prepriced contract actions (for example, indefinite delivery contracts) rests with the contracting officer. To provide for efficient ordering of supplies and services under prepriced contracts, the contracting officer may issue a blanket delivery order that delegates the scheduling of deliveries to the specific requiring activity. The blanket delivery order may be issued for periods equal to fund availability. A list of names of individuals authorized to schedule deliveries and the dollar limitation per call for each individual shall be furnished to the contractor by the contracting officer.

(b) Except when stock funds are applicable, the activity scheduling deliveries shall maintain records to ensure that designated monetary limitations indicated on the blanket delivery order are not exceeded.

The blanket delivery order will not necessarily list items on the contract but will cite the appropriate accounting and classification data and contain a statement similar to the following: "This blanket delivery order is for ___________ products (or services) covered by Contract Number ________ to be delivered for the period of __________ through ________ as scheduled by the _______________ officer. Aggregate monetary total of all calls or scheduled deliveries under this order shall not exceed $________."

(c) The contracting officer shall ensure that the designated dollar limitations are not exceeded for calls or orders under these prepriced agreements.

(d) The decentralized ordering activity shall prepare the appropriate receiving report as required by accounting and finance regulations, and shall also report to the contract office on a monthly basis in accordance with AF DAR Sup 21-5002. NOTE: This AF DAR Supplement paragraph will be added in a future change to this Supplement. Until then, use existing coverage.

(e) The accounting data procedures in 13.204 apply.

PART 13--SMALL PURCHASE AND OTHER SIMPLIFIED PURCHASE PROCEDURES

SUBPART 13.90--BASE CONTRACTING ADMINISTRATION OF SMALL PURCHASES

13.9001 Follow-up.

(a) AFM 70-332 prescribes the follow-up system applicable to requirements processed from automated customers. Activities requesting the supplies or services are responsible for notifying the contracting office when the supplies or services have not been received by 1300 hours of the sixth day following the scheduled delivery date.

(b) Upon notification of an apparently delinquent order, the contracting officer or a representative shall review the file and take positive follow-up action. Follow-up shall be done either verbally or by follow-up documents produced by the automated system. All follow-up action shall be documented in the order file.

(c) When the contractor fails to make delivery or cure a delinquency as a result of follow-up action and has not adequately justified the delay, the contracting officer shall take appropriate action to cancel the order if it is in the best interests of the government.

13.9002 Action against habitually delinquent contractors.

(a) When periodic reports establish a trend that a contractor is habitually delinquent in delivering or performing a requested supplies or services under blanket purchase agreements (BPA), the contracting officer shall review all requests (completed and delinquent) placed with the contractor for a minimum of two months. If this review substantiates habitual delinquency on requests against BPAs, the contractor shall be--

(1) Furnished detailed findings of the review including number of requests placed, percentage of delinquency, average number of days delinquent, and so forth; and

(2) Notified that deliveries against requests placed during the next 60 days shall be reviewed and if delivery during that period is not improved, purchases under the BPA method shall be discontinued for a minimum of six months and shall be subject to renewal after that time solely at the discretion of the chief of the purchasing office. The contractor should be encouraged to submit any records or extenuating facts, either verbally or in writing, before any cancellation action.

(b) In addition to action under 13.9001(c), periodic management reports of delinquent purchase orders shall be analyzed to identify habitual delinquency trends. When a trend is identified, all contract transactions with a delinquent contractor over a period of not less than three months shall be reviewed and analyzed. If habitual delinquency is established, the following action shall be taken:

(1) All future purchase orders with the contractor shall include the following statements:

"Payment shall not be made on partial deliveries accepted by the Government under this Contract. Only one payment shall be made upon completion of the contract pursuant to the Payments clause."

(2) Vendors written acceptance shall be required on all orders in view of the change in the payment provision.

(3) The contractor shall be notified of the findings of the review and of the actions that will be taken on any future purchase orders.

13.9003 Corrections of administrative errors.

(a) AFM 177-102, paragraph 20704 authorizes accounting and finance offices (AFOs) to correct certain obvious preparation errors to purchase orders, delivery orders, blanket purchase agreement calls, and modifications thereto, without a formal modification. AFM 177-102 shall not be used as an authority to make adjustments requiring the preparation of formal modifications to existing contracting instruments.

(b) AFOs shall obtain the concurrence of the cognizant contracting officer before making any correction. Verbal concurrence is acceptable. The contracting officer is responsible for ensuring that corrections are made on all documents distributed outside the AFO.

(c) Correction of administrative errors is limited to the following:

(1) Extension errors (not errors in unit price or quantity) in the schedule may be corrected.

(2) Typographical or other administrative errors may be corrected if such correction does not change the terms or conditions of the order and does not require acceptance by the vendor.

(3) Errors in subsidiary accounting classifications below the appropriation symbol may be corrected, except that a formal modification is required when the AFO designated to make payment is not the local AFO administering the funds.

PART 13--SMALL PURCHASE AND OTHER SIMPLIFIED PURCHASE PROCEDURES

SUBPART 13.91--SMALL PURCHASE PROCEDURES FOR MAINTENANCE AND CONSTRUCTION SERVICES

13.9100 Scope of subpart.

This subpart prescribes small purchase procedures to be used in contracting for maintenance and construction services relating to inoperative equipment and facilities.

13.9101 Requiring activity.

When maintenance or construction services are necessary, the requiring activity shall forward a purchase request to the cognizant contracting office along with--

(a) A statement of work to be performed;

(b) A description of the performance and peculiar operating characteristics of the equipment or facility just before it became inoperative; and

(c) The maximum expenditure authorized to repair the item.

13.9102 Contracting office.

(a) Upon receipt of the purchase request, the contracting officer shall determine whether the required services are available from mandatory repair sources, such as, Federal Prison Industries, workshops for the blind, other severely handicapped, or General Services Administration term contracts. If the required services are not available from a mandatory source, the contracting officer shall select one competent and reputable firm to perform the necessary services.

(b) After selection of a source, the contracting officer shall issue an unpriced purchase order in accordance with FAR 13.502. The purchase order shall include--

(1) A statement instructing the vendor to immediately contact the contracting officer if the cost exceeds the amount established by the purchase order; and

(2) Instructions that each invoice shall contain an itemized list of all replacement parts, their cost, and the labor to repair and place the item in a serviceable condition.

13.9103 Alternatives.

The contracting method described in this subpart does not preclude the use of other methods provided they have been used successfully in the past and the time expended in obtaining a teardown and quote price from a vendor generally did not exceed 10 days from the date the vendor picked up the item.

TABLE OF CONTENTS

PART 14--FORMAL ADVERTISING

SUBPART 14.1--USE OF FORMAL ADVERTISING

Paragraph	Title	Page
14.104	Types of contracts.	14.104
14.104-90	Firm-fixed-price materials reimbursable contracts.	14.104

SUBPART 14.2--SOLICITATION OF BIDS

Paragraph	Title	Page
14.201	Preparation of invitation for bids.	14.2-1
14.201-2	Part I - The Schedule.	14.2-1
14.205	Solicitation mailing lists.	14.2-1

SUBPART 14.3--SUBMISSION OF BIDS

Paragraph	Title	Page
14.304	Late bids, late modifications of bids, or late withdrawal of bids.	14.3-1
14.304-1	General.	14.3-1

SUBPART 14.4--OPENING OF BIDS AND AWARD OF CONTRACT

Paragraph	Title	Page
14.406	Mistakes in bids.	14.4-1
14.406-3	Other mistakes disclosed before award.	14.4-1
14.406-490	Disclosure of mistakes after award.	14.4-1
14.407	Award.	14.4-1
14.407-8	Protests against award.	14.4-1
14.407-890	Protests of nonappropriated fund contracts.	14.4-6

PART 14--FORMAL ADVERTISING

SUBPART 14.1--USE OF FORMAL ADVERTISING

14.104 Types of contracts.

14.104-90 Firm-fixed-price materials reimbursable contracts.

(a) When it is desired to purchase the repair and overhaul of items on the basis of a firm-fixed-price for the services with reimbursement for cost of materials used, such acquisitions may be advertised when--

(1) The cost of the direct materials to be used will be relatively small in relation to the total cost of the repair and overhaul services; and

(2) It can be reasonably expected that the materials for which reimbursement is to be made are available to all bidders at basically the same price.

(b) The IFB and the resultant contract shall--

(1) Adequately define the material for which reimbursement is to be made;

(2) Limit reimbursement to the contractor's actual cost of such reimbursable material (including cash and trade discounts, rebates allowances, and commissions); and

(3) Contain adequate controls to limit the purchase of reimbursable materials by the contractor. The IFB shall not require bidders to furnish estimated prices of the reimbursable materials nor will the cost of such materials be considered in the evaluation of bids.

PART 14--FORMAL ADVERTISING

SUBPART 14.2--SOLICITATION OF BIDS

14.201 Preparation of invitation for bids.

14.201-2 Part I - The Schedule.

(h) Section H, Special contract requirements. The contracting officer shall include in this Section the special contract requirements designated as such in Subpart 52.2.

14.205 Solicitation mailing lists.

An AF Form 3001, IFB Information, may be attached to the description sheet or IFB schedule sheet mailed to the prospective suppliers, if sufficiently descriptive. If preinvitation notices are used, include the applicable small business size determination in the notice and in the transmittal to the Commerce Business Daily and require prospective bidders to state in their replies to the notice whether they qualify as a small business concern. Do not make a determination regarding a set-aside (FAR Subpart 19.5) until replies to the notice have been received to determine the extent of available small business competition.

PART 14--FORMAL ADVERTISING

SUBPART 14.3--SUBMISSION OF BIDS

14.304 Late bids, late modifications of bids, or late withdrawal of bids.

14.304-1 General.

Telephonic receipt of telegraphic bids, proposals, modifications, or withdrawals do not qualify the telegram as being timely. The telegram itself must be received by the proper official at the government installation by the time specified.

PART 14--FORMAL ADVERTISING

SUBPART 14.4--OPENING OF BIDS AND AWARD OF CONTRACT

14.406 Mistakes in bids.

14.406-3 Other mistakes disclosed before award.

(a) The local chief of the contracting office, as defined by Subpart 2.1, is authorized to permit bidders to withdraw bids pursuant to FAR 14.406-3(c). Before the withdrawal is authorized, the file shall be given to the supporting base staff judge advocate for review and coordination.

(b) In all cases under FAR 14.406-3(a), (b) and (d), the data shall be submitted in the most expeditious manner to HQ AFLC/JA marked "IMMEDIATE ACTION-MISTAKE IN BID."

(c) Doubtful mistakes in bid shall not be submitted by contracting officers directly to the Comptroller General for advance decisions.

(d) HQ AFLC/JA shall maintain the record required in cases under FAR 14.406-3(a), (b), and (d). The person making the decision in cases under FAR 14.406-3(c) shall maintain the required records.

14.406-490 Disclosure of mistakes after award.

Mistakes involving contracts for the sale of government-owned surplus property shall be processed according to AFM 177-101, Part Two, Section C, chapter 7. Reports to GAO on contract claims shall be processed in accordance with AFM 177-101, chapter 7, paragraph 20725 and AFM 177-102, chapter 10.

14.407 Award.

14.407-8 Protests against award.

(a) General. (1)(i) Protests may be lodged at the field activity level, major command level, HQ USAF, Office of the Secretary of the Air Force, Office of the Secretary of Defense, or the General Accounting Office (GAO). Every effort should be made to resolve protests at the lowest possible level regardless of the level at which the protest is initially lodged. Upon receipt of notification of a protest, the contracting activity shall immediately contact the protester to ascertain fully the basis of the protest. The protester's allegations shall be thoroughly considered to evaluate their merit. Throughout this process, frank and open discussions with the protester are encouraged. A candid explanation of the rationale for our contracting decisions and actions can frequently satisfy the protester's concerns and may result in withdrawal of the protest. If the protest is found to have merit, a determination as to what corrective action is appropriate shall be made. When protests are not resolved and the decision is to deny the protest, that decision shall be made at a level no lower than that at which the protest was lodged. Status requests or questions on actions pending at GAO shall be directed to HQ USAF/RDCX. Contracting officers shall not contact the GAO directly.

(ii) Field activities may deny protests lodged at that level if the staff officer responsible for contracting at the major command headquarters has delegated the authority to the field activity.

(iii) The staff officer responsible for contracting at a major command is authorized, with the concurrence of the cognizant staff judge advocate, to render final decisions denying protests lodged at that level or at a level below that of the major command. However, if the protest involves policy implications not fully covered by regulation or is one in which there is significant congressional interest, the major command shall advise HQ USAF/RDCX of the problem and request further guidance.

(iv) When protests are lodged above the major command level, HQ USAF/RDCX shall request a protest file from the command involved who shall, in turn, request the protest file from the field activity. HQ USAF/RDCX, in consultation with the Office of General Counsel of the Air Force, shall prepare an Air Force position on the protest and for protests lodged with the GAO, forward the protest file to the GAO.

(v) In all cases, the decision authority shall formally decide the protest and reply to the protester in writing. This reply shall be timely and answer completely the allegations of the protester and, if provided in response to a protest before award, shall be made before a contract is to be awarded.

(vi) Generally, with the concurrence of the cognizant staff judge advocate, protests may be sustained at any level in the review process.

(2)(i) Protest files shall be submitted in three copies. The original and one copy shall be sent to the responsible major command and a copy shall be sent directly to HQ USAF/RDCX. After review, the major command shall send the original file including its recommendations, which should include staff judge advocate comments, to HQ USAF/RDCX. Both files should be received at HQ USAF/RDCX within 15 working days from the date of protest notification.

(ii) The file shall be tabbed and indexed. Those items which are not to be released to the protester or other interested parties under the Freedom of Information Act shall be segregated and clearly identified. Contracting officer's statement of facts and findings will normally be released to the protester and other interested parties. Therefore, the statement should not contain information or references to information which is not to be released.

(iii) It is imperative that protest files address all aspects of the proposed acquisition and provide information sufficient for an expeditious review and decision. All data and documents relevant to the protest should be included in the file. Along with a copy of the bid from the protester and low bidder or bid of the successful contractor, and in addition to the requirements of FAR 14.407-8(a)(2) the protest file shall contain--

(A) Brochures and descriptive literature, when appropriate, and all correspondence between the protester, other interested parties, and the contracting officer. Do not include general provisions, technical provisions and so forth which do not require completion by the bidder and are otherwise included in the solicitation;

(B) As part of the contracting officer's statement of facts and findings, a chronology of events and a discussion of all issues raised in the protest. The merits of each allegation shall be discussed and conclusions shall be supported by appropriate FAR and DOD FAR Supplement references, Comptroller General decisions, and supportive documents and inputs from the opinion of the staff judge advocate;

(C) A separate legal opinion by each staff judge advocate, in addition to the staff judge advocate comments incorporated within the contracting officer's statement of facts and findings and major command recommendations. The JAG opinions should consist of something more than the statement "legally sufficient";

(D) A copy of the abstract of bids or listing of price proposals suitably marked;

(E) Exhibits and documentary evidence such as preaward surveys, letters, comments, technical evaluations, and affidavits from other Air Force activities, DOD, other government agencies, or other interested parties pertinent to the protest;

(F) A copy of the determination and findings which authorizes negotiations if the protest involves a negotiated acquisition;

(G) If the protest is against an award involving source selection procedures, a copy of pertinent source selection records such as those identified in paragraph 1-9a of AFR 70-15, properly marked to prevent inadvertent release; and

(H) A statement keyed to the applicable paragraph of FAR 9.104 if the protest is against a determination of nonresponsibility by the contracting officer. Complete documentation supporting such determination shall be included in the file.

(iv) Protest files shall be forwarded by the most expeditious means possible with the letter of transmittal marked "IMMEDIATE ACTION-PROTEST AGAINST AWARD." The letter of transmittal shall--

(A) Identify the protester and the solicitation number in the subject;

(B) Contain a short description of the requirement and the current status of contract award. If award has been made, indicate whether performance has commenced, shipment or delivery has been made, or if a stop work order has been issued;

(C) Contain the name and telephone number (AUTOVON) of the person within the contracting office who may be contacted for information relevant to the protest;

(D) Indicate actions taken to resolve the issues with the protester and any further action contemplated;

(E) Indicate, when corrective action is required, the action taken or proposed to be taken; and

(F) Be signed by the chief or deputy chief of the contracting activity involved.

(4) The GAO protest procedures call for submission of the receipt of agency reports within 25 working days from the date of the GAO's request for such report. Fifteen working days are normally allotted for submission of files to HQ USAF. In cases where a protest filed with the GAO appears to be untimely or where GAO may have previously rejected jurisdiction over similar allegations, a contracting officer's statement shall be sent immediately to HQ USAF/RDCX by message setting forth the applicable facts and rationale. Preparation of a protest file may be delayed in such cases pending further instructions from HQ USAF/RDCX. In most cases, a copy of the Air Force position, and the contracting officer's statement of facts and findings are sent to the protester at the time of submission to the GAO. Copies of the Air Force position shall also be provided to both the MAJCOM and the CO. The field activity shall transmit the Air Force position to any interested parties who have been provided notice of the protest pursuant to FAR 14.407-8(a)(3).

(b) Protests before award.

(3)(i) When a protest before award has been lodged with GAO, or at a level higher than the contracting office, award shall not be made until a formal decision on the protest has been rendered or until authorization to award before decision has been granted by HQ USAF/RDC. In cases where a protest before award has been lodged and decided at a level lower than HQ USAF and the protester indicates an intention to file with the GAO, the major command, before making an award, will contact HQ USAF/RDCX to determine if a protest has actually been filed.

(ii) Decisions to make award before resolution of a protest lodged at the GAO, HQ USAF level, or higher is considered to be an extraordinary action and shall only be made by HQ USAF/RDC, following consultation with the Office of the General Counsel of the Air Force. Authorization to award shall be fully justified and be made only in exigent cases or when such action is clearly in the government's best interest and only after AF/RDCX review of the protest file. Requests for such approval shall be signed by a general officer or if a general officer is not available, the installation commander or his deputy, and forwarded through command channels to HQ USAF/RDC. All requests should be made to HQ USAF/RDC at least 10 working days before the date contract award is required.

(5) Requests to award a contract before decision on a protest shall thoroughly document the need for an immediate award and include--

(i) The desired award date with rationale for the date requested;

(ii) A discussion of alternative methods for obtaining the required supplies/services (options, organic capabilities, purchase orders, and so forth), including appropriate rationale with supporting facts to explain why such alternatives are not feasible;

(iii) A statement of the contracting officer's determination that an award is necessary before resolution of the protest pursuant to FAR 14.407-8(b)(4)(i), (ii), or (iii). Such statement must be supported by specific rationale which clearly identifies the impact on the Air Force if award is delayed 30, 60, and 90 days beyond award date specified in subdivision (i) of this subparagraph;

(iv) An estimate of termination costs if the protest is sustained and the contract terminated 30, 60, or 90 days after award; and

(v) The name and telephone number (AUTOVON) of HQ USAF point of contact, if any, who knows the impact of delay in contract award.

After reviewing a request for award, HQ USAF/RDC may request a briefing on the request to award. The contracting activity and the major command will normally be requested to provide representatives capable of discussing all aspects, technical and contractual, of the solicitation and who can fully support and justify the request to award before a decision can be made on the protest merits.

(c) Protests after award. Protests after award shall be handled in accordance with paragraphs (a) and (b) of this subsection.

14.407-890 Protests of nonappropriated fund contracts.

Protests to HQ USAF on nonappropriated fund contracts shall be handled using the procedures of FAR 14.407-8 and this Supplement, as well as the rules and prior decisions of the Comptroller General, as a guide for decision.

TABLE OF CONTENTS

PART 15--CONTRACTING BY NEGOTIATION

SUBPART 15.1--GENERAL REQUIREMENTS FOR NEGOTIATION

Paragraph	Title	Page
15.105	Competition.	15.1-1

SUBPART 15.2--NEGOTIATION AUTHORITIES

Paragraph	Title	Page
15.215	Otherwise authorized by law.	15.2-1

SUBPART 15.3--DETERMINATIONS AND FINDINGS TO JUSTIFY NEGOTIATION

Paragraph	Title	Page
15.302	General.	15.3-1
15.304	Content.	15.3-1
15.304-90	Justification to negotiate.	15.3-1
15.304-91	Military interdepartmental purchase requests.	15.3-2
15.304-92	Final acquisition approval.	15.3-2
15.305	Supersession, modification and cancellation.	15.3-2
15.307	Signatory authority.	15.3-2

SUBPART 15.4--SOLICITATION AND RECEIPT OF PROPOSALS AND QUOTATIONS

Paragraph	Title	Page
15.406	Preparing RFPs and RFQs.	15.4-1
15.406-2	Part 1 - The Schedule.	15.4-1
15.410	Amendment of solicitation before closing date.	15.4-1

SUBPART 15.5--UNSOLICITED PROPOSALS

Paragraph	Title	Page
15.506	Agency procedures.	15.5-1

SUBPART 15.6--SOURCE SELECTION

Paragraph	Title	Page
15.609	Competitive range.	15.6-1
15.610	Written or oral discussion.	15.6-1

SUBPART 15.8--PRICE NEGOTIATION

Paragraph	Title	Page
15.804	Cost or pricing data.	15.8-1
15.804-2	Requiring certified cost or pricing data.	15.8-1
15.804-3	Exemptions from or waiver of submission of certified cost or pricing data.	15.8-1
15.804-6	Procedural requirements.	15.8-1
15.805	Proposal analysis.	15.8-2
15.805-2	Price analysis.	15.8-2
15.805-5	Field pricing support.	15.8-3
15.807	Prenegotiation objectives.	15.8-3
15.808	Price negotiation memorandum.	15.8-4

SUBPART 15.10--PREAWARD AND POSTAWARD NOTIFICATIONS, PROTESTS, AND MISTAKES

Paragraph	Title	Page
15.1002	Debriefing of unsuccessful offerors.	15.10-1

PART 15--CONTRACTING BY NEGOTIATION

SUBPART 15.1--GENERAL REQUIREMENTS FOR NEGOTIATION

15.105 Competition.

(b) The following guidance shall be used in those contra situations when solicitation of only one source (sole sourc expected and the estimated value of the purchase exceeds $1, contracting officer is responsible for obtaining from the requiring activity information required by the following paragraphs concurrently with or as a part of the request for purchase.

(1) A sole source acquisition is any acquisition when only one source is to be solicited. Some of the factors which might rationally justify a sole source acquisition are--

(i) Lack of or unsuitability of reprocurement data;

(ii) Insufficient leadtime to qualify another contractor or contractor's product;

(iii) The determination that only a single contractor has the capability to provide the supplies/services within a specified period of time;

(iv) A determination that for configuration management/control purposes, only a single contractor's item of supply is acceptable; or

(v) A determination that only one contractor possesses the unique capability (for example, technical knowledge, manufacturing processes, special tooling or test equipment) to provide the supplies/services.

(2) The sole source justification obtained from the requiring activity shall contain as a minimum at least four paragraphs with--

(i) A brief nontechnical description of the supplies/services to be acquired including statements as to the general application and particular significance/specialized character of the requirement;

(ii) A clear concise statement regarding the circumstances surrounding the sole source position of the contractor. For example:

(A) If urgency is cited as a circumstance requiring sole source acquisition, specifically explain the time constraint (mandated by law, Congressional requirement, or national defense) and why only one contractor can meet the requirement.

(B) Cite specific data required in the performance of the contract that is only available to one contractor and the significance of this data to the acquisition. The mere statement that proprietary data exists on a weapon system is not adequate.

(C) Cite the unique capabilities required for performance that are possessed by only one contractor. State the reasons why no other contractor has or can obtain these capabilities and why they are essential for contract performance.

(D) State any other reasons which cannot practically be avoided, for the exclusion of other potential sources;

(iii) A concluding statement that the proposed sole source is the only known source that can satisfy the government's requirement. Statements such as "No other sources are considered qualified" or "The XYZ Company is considered best qualified" shall not be considered a basis for sole source justification; and

(iv) Actions to be taken by the requiring activity to preclude the necessity for future sole source acquisition of the same supplies/services such as--

(A) Conducting a market survey to determine potential future sources, including identification of what is needed to permit potential sources to compete such as additional data, material furnished as GFP, or longer production/contracting leadtime;

(B) Estimating costs to the Air Force of providing assistance (data, materials or other) enabling other firms to compete. Conduct a cost-benefit analysis to determine best future course of action; or

(C) Identifying individual components of the acquisition that can be competitively acquired.

(3) In appropriate cases, particularly with sole source purchase of commercial items, the requiring office may need to make a market survey to determine what is available that will meet the minimum government requirements. When such surveys result in sole source situations, then the justification provided the contracting office shall include information on the survey and the results.

(4) A separate sole source justification is not required for those acquisitions processed in accordance with the DOD Replenishment Parts Breakout Program (Defense Acquisition Regulation Supplement 6), as supplemented, provided that an AFLC Form 761, Screening Analysis and Procurement Action Worksheet, has been prepared in sufficient detail to meet the general requirements of subparagraph (2)(ii) of this paragraph (b).

(5) The procuring contracting officer, and not the requiring activity, is the final authority for determining the adequacy of any sole source justification before contract placement.

(6) Sole source contracts requiring HCA approval in accordance with PL 98-72 shall use the written justification cited in subparagraph (2) of this paragraph (b) above as the HCA approval document. The approval document shall reflect the coordination of both the competition advocate and the small and disadvantaged business utilization specialist at the local contracting activity and the major command headquarters.

141

PART 15--CONTRACTING BY NEGOTIATION

SUBPART 15.2--NEGOTIATION AUTHORITIES

15.215 Otherwise authorized by law.

(b) Application.

(2) Except as provided in subdivisions (i) through (v) below, authority to negotiate under this exception requires Secretarial approval. Requests for Secretarial approval shall include a statement of pertinent facts and the reasons why negotiation under this exception is appropriate. Requests shall be forwarded through command channels to HQ USAF/RDCS as prescribed in 15.307. Contracts for the following supplies and services negotiated under this exception do not require Secretarial approval:

(i) Transportation services by common carriers negotiated under the authority of Section 321, Part III, Interstate Commerce Act, 18 September 1940, 49 U.S.C. 65.

(ii) Contracts that may be negotiated pursuant to Section 406 of Title IV of Public Law 345 (84th Congress).

(iii) Blind-made supplies purchased through National Industries for the Blind as prescribed in FAR 8.705-1 which shall be negotiated under the authority of the Act of 25 June 1938, c.697, Section 3,52 Stat. 1196 (41 U.S.C. 48).

(iv) Contracts that may be negotiated pursuant to Section 8, Small Business Act, 15 U.S.C. 637(a).

(v) Contracts that may be negotiated pursuant to Section 15, Small Business Act, 15 U.S.C. 644 (Public Law 536 (85th Congress, as amended)).

PART 15--CONTRACTING BY NEGOTIATION

SUBPART 15.3--DETERMINATIONS AND FINDINGS TO JUSTIFY NEGOTIATION

15.302 General.

(a) An approved D&F does not authorize a sole source acquisition. It only provides the authority to negotiate as opposed to using formal advertising. When significant uncertainty exists as to which of two exception authorities apply, precedence will be given to that authority requiring approval at the higher level. For instance, if the effort is R&D in any respect and cites R&D funds, the proper D&F is most likely to be 10 U.S.C. 2304(a)(11) (but see FAR 15.201 and 15.205). When a negotiated acquisition involves R&D in part and other requirements in substantial amount, two distinct D&Fs shall be prepared and processed concurrently supported to the maximum practical extent by one justification and one acquisition plan. In such instances, if two separate approving authorities might be involved, they shall each sign their respective D&Fs.

(c) The scope of the effort to be incorporated in the contract shall not exceed the scope of effort cited in the D&F. If a change exceeds this limitation, the contract shall not be consummated until an amended D&F covering the change has been approved. In the event an amended D&F requires Secretarial approval, the request shall clearly explain the purpose of the amendment.

15.304 Content.

Secretarial D&Fs shall be prepared on plain bond paper, undated, and without signature block. An original and 10 copies shall be submitted.

15.304-90 Justification to negotiate.

(a) Each D&F request shall contain a cover sheet, titled "Justification for Authority to Negotiate (JAN)", in accordance with the format set forth in DOD FAR Sup Appendix J. The signatures and certification required on the cover sheet format will be obtained before to submission. The Director or Deputy Director of Contracting shall sign as the reviewing official. The cover sheet shall be submitted in an original and three copies.

(b) The acquisition plan shall be attached to the JAN cover sheet to substantiate the D&F. For 10 U.S.C. 2304(a)(11) D&Fs, an AF Form 111, Research and Development Management Report, may be submitted as supporting information to the plan. Four copies of the plan and supporting documentation shall be submitted with the JAN cover sheet.

15.304-91 Military interdepartmental purchase requests.

In transmitting an Air Force initiated military interdepartmental purchase request requiring acquisition of specific technical commercial-type items of equipment for reasons of standardization, the initiating activity shall attach a copy of the approved determination to standardize, signed by the Assistant Secretary of the Air Force (Research, Development, and Logistics).

15.304-92 Final acquisition approval.

At the time the solicitation for a research and development program is issued, various aspects of the program often have not been determined sufficiently to permit final approval by SAF/AL. Consequently, in any case when a D&F under 10 U.S.C. 2304(a)(11) (See 15.211) is approved with any preliminary program approvals, the contracting activity shall obtain specific notification of final approval by SAF/AL before obligation. Such approval shall be furnished to the contracting officer by memorandum from SAF/AL entitled, "Final Acquisition Action Approval (FAAA)", which will reference the pertinent D&Fs and outline any restrictions which have been imposed.

15.305 Supersession, modification and cancellation.

(c) If the requirements for which a D&F is approved or any portion thereof are either cancelled or not used for any other reasons, notification of such cancellation shall be submitted through the same channels as those prescribed for D&F approval. This notification shall be made immediately following a program management decision that the D&Fs shall not be needed. The D&Fs shall be marked "cancelled" and placed, together with a copy of the Letter of Notification, in the cancelled PR/MIPR case file.

15.307 Signatory authority.

(a) D&Fs authorizing negotiation under 10 U.S.C. 2304(a)(11) through (16), including amendments thereto, requiring Secretarial approval, shall be forwarded through major command channels to HQ USAF/RDCS.

PART 15--CONTRACTING BY NEGOTIATION

SUBPART 15.4--SOLICITATION AND RECEIPT OF PROPOSALS AND QUOTATIONS

15.406 Preparing RFPs and RFQs.

15.406-2 Part 1 - The Schedule.

(h) Section H, Special contract requirements. The contracting officer shall include in this Section the special contract requirements dsignated as such in Subpart 52.2.

15.410 Amendment of solicitation before closing date.

Any amendment to a written Request for Quotation shall be confirmed in writing by letter, automated format, or teletype.

PART 15--CONTRACTING BY NEGOTIATION

SUBPART 15.5--UNSOLICITED PROPOSALS

15.506 Agency procedures.

(b) The Air Staff contact point for the receipt and coordination of unsolicited proposals is HQ USAF/RDCS which will review the proposal contents and determine the proper activity within USAF to evaluate and process the proposal. HQ USAF/RDCS shall acknowledge unsolicited proposals and forward each one to the processing activity in an expeditious manner. Each major command and separate operating agency shall establish contact points and procedures for receipt and disposition of unsolicited proposals consistent with the provisions of FAR Subpart 15.5.

PART 15--CONTRACTING BY NEGOTIATION

SUBPART 15.6--SOURCE SELECTION

15.609 Competitive range.

(a) The objective of evaluating offerors' proposals is not to eliminate proposals from the competitive range, but to facilitate competition by conducting written and oral discussions with all offerors who have a reasonable chance of being selected.

15.610 Written or oral discussion.

(b) Due to the uncertainty as to the pricing or technical aspects of an acquisition which may result in a cost-reimbursement type contract, an award shall not normally be made on the basis of the most favorable initial proposal received, without conducting written or oral discussions with all responsible offerors who submitted proposals within the competitive range.

(c) There is no obligation to hold discussions to improve an otherwise unacceptable proposal, if acceptability can be obtained only through a complete proposal revision. The stringent rules for rejection of bids under formal advertising procedures (FAR 14.404-2) shall not be applied to negotiated acquisitions. The initial number of proposals considered as being within the competitive range may be reduced when as a result of written or oral discussions, any such proposals have been determined to no longer have a reasonable chance of being selected for award.

(d) After evaluation (price or cost, technical, and other salient factors) of all proposals, a proposal may be considered outside the competitive range either initially, without written or oral discussions, or after written or oral discussions with an offeror whose initially evaluated proposal appeared to have a reasonable chance of being selected for award. The following are examples of conditions on which a determination may be made that a proposal does not have a reasonable chance of being selected for award:

(1) Acceptability can be obtained only through a complete proposal revision.

(2) It does not reasonably address the essential requirements of the solicitation.

(3) When a substantial design drawback is apparent in the proposal, and to consider the proposal for a research and development contract further would require virtually an entirely new technical proposal.

(4) It contains major technical or business deficiencies or omissions, or out-of-line costs, which initial or continuing discussions with the offeror could not reasonably be expected to cure.

(c) For the purpose of conducting discussions with offerors determined to be within the competitive range, a deficiency is defined as any part of an offeror's proposal which would not satisfy the government's minimum requirements established in the solicitation. Deficiencies identified shall derive only from individual evaluation of each offeror's proposal against the specific evaluation criteria or standards or the government minimum requirements established in the solicitation. In no event are deficiencies to be derived from a comparative evaluation of the relative strengths and weaknesses of competing offerors' proposals. Furthermore, discussions with each offeror in the competitive range shall be confined exclusively to the offeror's proposals and its identified deficiencies relative to the solicitation requirements. Such discussions shall be conducted so as to scrupulously avoid disclosure of the relative strengths and weaknesses of competing offerors, or disclosure of information or ideas from any other offeror's proposal.

PART 15--CONTRACTING BY NEGOTIATION

SUBPART 15.8--PRICE NEGOTIATION

15.804 Cost or pricing data.

15.804-2 Requiring certified cost or pricing data.

(a)(2) For all actions over $25,000 and not in excess of $500,000, the contracting officer shall determine the extent of cost or pricing data necessary for the proper evaluation of the contractor's proposal. The basis for the contracting officer's decision on the need for data shall be documented in the contract file. If cost or pricing data are determined to be necessary, the contractor shall be required to submit it. Any subsequent decision to waive the requirement for that cost or pricing data, shall be approved at a level above the contracting officer. The basis for such waivers shall be documented in the contract file.

15.804-3 Exemptions from or waiver of submission of certified cost or pricing data.

(i) Waiver for exceptional cases. The authority to waive the requirement for cost or pricing data from prime contractors or subcontractors rests with the Secretary. Requests for waivers shall be processed through command channels to HQ USAF/RDCP.

15.804-6 Procedural requirements.

(e)(1) When an offeror refuses to submit cost or pricing data and the contracting officer and the commander of the local activity have exhausted all means available to them to secure the required data from the offeror, the case shall be referred to HQ AFSC/PMP, HQ AFLC/PMP, or to the head of the major command contracting activity (HCA or HQ USAF/RDC for those commands not designated as an HCA), as appropriate. If these offices are also unsuccessful in obtaining the required data, the case shall be submitted to HQ USAF/RDCP for further processing within HQ USAF and the Air Force Secretariat.

(2) When subcontractors under Air Force administration refuse to provide the required data and the administrative contracting officer has exhausted all means locally available to secure the required data, including direct communication with a subcontractor when appropriate, the case shall be referred to the procuring contracting officer for appropriate action by higher echelons of the department or agency

which awarded the prime contract. When the prime contract is an Air Force contract, the procedures in subparagraph (1) of this paragraph apply.

(3) Referrals to higher echelons shall include the following information in addition to that required by FAR and DOD FAR Sup 15.804-6(e):

(i) Indicate type of contract and number of contract, RFP or purchase request order number, including supplemental agreement number, if applicable.

(ii) Include a concise description of supplies or services being purchased.

(iii) Identify any outside influences and the time pressures affecting the acquisition.

(iv) Provide complete name and location of the company.

(v) Provide a complete description of the data (FAR 15.804-2) the contractor or subcontractor refuses to submit.

(vi) Include the names and titles of the contractor and/or subcontractor personnel contacted and the government personnel making the contact. Also, provide an explanation of the company's position; that is, basis for refusal to furnish cost or pricing data, and the submission of pertinent company correspondence.

(vii) Include a summary statement as to the nature of approval action being requested.

Additionally, when a subcontractor has refused to provide cost or pricing data to a prime contractor, each item of the information required shall cover both the prime contract and subcontract.

15.805 Proposal analysis.

15.805-2 Price analysis.

(e) Base contracting activities shall require the activity that prepared the government estimate to review its accuracy and provide written review results before contract execution when--

(1) The comparison of the proposed prices with the independent government cost estimate shows that the lowest acceptable cost proposal for a negotiated contract varies more than 20% from the government estimate; or

(2) In the case of contract modifications over $25,000 where the contractor's cost proposal for a contract modification varies more than 20% from the government estimate.

The contracting officer shall include in the contract file a statement of actions taken to resolve differences between the cost proposed and the government estimate.

15.805-5 Field pricing support.

(1) Before agreeing on price of a prime contract action involving subcontractor cost, the contracting officer shall ascertain the extent and status of all field pricing support performed or planned to be performed on subcontractor cost proposals. This applies to support requested by the government or by the contractor and initiated by the government. If such support will not be complete in time for consideration during negotiation of the prime contract price, the contracting officer shall determine whether it is appropriate to delay negotiation of the prime contract action or to take other action to properly protect the interests of the government.

15.807 Prenegotiation objectives.

(a) When, in any acquisition cycle, a meeting is to be held with the contractor to reach agreement upon terms and conditions and price of a proposed contract or upon adjusted price of an existing contract, the meeting shall be preceded by a prenegotiation conference of the government's negotiating team. The purpose of this meeting will be--

(1) To discuss the proposal in detail to achieve full understanding.

(2) To express opinions and discuss problems that have developed during review and analysis of the proposal; and

(3) To determine unified negotiation objectives and a course of action to be followed during the conference with the contractor.

(b) Those to whom the authority to manually approve contracts has been delegated by the Director of Contracting and Manufacturing Policy, HQ USAF/RDC, shall establish a system for briefings by the Air Force negotiating team after negotiation objectives have been established but before conclusion of the negotiation conference. Additional detailed procedures for prenegotiation review shall be determined locally. Briefings are considered appropriate when--

(1) A new contract follows contract(s) wherein contractor's performance has been unsatisfactory;

(2) A new contract substantially increases a contractor's annual sales and production volume;

(3) Costs have increased substantially beyond those originally estimated;

(4) Items acquired have performed poorly and required modification and retrofit;

(5) Performance indicates justification for additional or reduced profit; or

(6) The contract obligates a significant portion of the organization's budget.

15.808 Price negotiation memorandum.

(a) The price negotiation memorandum shall be distributed only after formal award and contract distribution. All copies of the memorandum shall be marked "FOR OFFICIAL USE ONLY."

(b) Each price negotiation memorandum shall address whether similar goods or services have been purchased in the past and shall address the cause of any substantial price difference between the previously purchased item (if any) and the current item. For example, if a quantity change caused the price to increase, explain the reasons for that increase.

(c) Each contracting activity shall establish a system which will assure that copies of price negotiation memoranda are provided in a timely manner to all required recipients.

(d) When a contract audit is obtained in support of a contract action that requires a price negotiation memorandum, the memorandum shall describe the extent of applicability of DOD Directive 7640.2, Policy for Follow-up on Contract Audit Reports, and address whether the following were required:

(1) Designated Independent Senior Acquisition Offical review.

(2) Tracking outside the official contract file.

(3) Reporting in the semiannual report.

PART 15--CONTRACTING BY NEGOTIATION

SUBPART 15.10--PREAWARD AND POSTAWARD NOTIFICATIONS, PROTESTS, AND MISTAKES

15.1002 Debriefing of unsuccessful offerors.

Debriefing requests in connection with the formalized source selection procedures employed pursuant to AFR 70-15 shall be forwarded to the source selection authority (SSA) for appropriate action. For acquisitions not employing the formal procedures of AFR 70-15, requests for debriefing shall be referred to the procuring contracting officer. Debriefings shall be with only one offeror at a time.

TABLE OF CONTENTS

PART 16--TYPES OF CONTRACTS

SUBPART 16.2--FIXED-PRICE CONTRACTS

Paragraph	Title	Page
16.203	Fixed-price contracts with economic price adjustment.	16.2-1
16.203-1	Description.	16.2-1
16.203-2	Application.	16.2-1
16.203-4	Contract clauses.	16.2-1
16.290	Payment procedures and economic price adjustments for fixed-price contracts using the cost index method of EPA.	16.2-2

SUBPART 16.6--TIME-AND-MATERIALS, LABOR-HOUR, AND LETTER CONTRACTS

Paragraph	Title	Page
16.601	Time-and-materials contracts.	16.6-1
16.602	Labor-hour contracts.	16.6-1

SUBPART 16.7--AGREEMENTS

Paragraph	Title	Page
16.703	Basic ordering agreements.	16.7-1
16.790	Call contracting arrangements.	16.7-1

PART 16--TYPES OF CONTRACTS

SUBPART 16.2--FIXED-PRICE CONTRACTS

16.203 Fixed-price contracts with economic price adjustment.

16.203-1 Description.

(c) Adjustments based upon cost indexes of labor or material. Recognized adjustments based upon cost indexes of labor and material are the abnormal escalation index method and the constant dollar index method.

(1) Under the abnormal escalation index method, the schedule price is based on all costs reasonably expected to be incurred during the scheduled period of performance considering economic trends that can be predicted with a reasonable degree of confidence. The price adjustment is determined by the difference between forecast and actual index values at the scheduled completion of performance, or at stated times.

(2) Under the constant dollar index method, the schedule price is expressed in base year dollars. The price adjustment is determined by the difference between base year index values and actual index values at the scheduled completion of performance, or at stated times. A constant dollar economic price adjustment (EPA) clause index method may be used only after it has been determined that the use of an abnormal escalation index method EPA clause would not be appropriate.

16.203-2 Application.

Priced options are considered part of the period of contract performance when considering stability of market or labor conditions that will exist during an extended period of contract performance.

16.203-4 Contract clauses.

(d) Adjustments based on cost indexes of labor or material. (2) All cost index method EPA clauses shall be approved by the HCA.

(3)(ii) Cost index EPA clauses will provide for price adjustment only if the differences between the forecasted (for abnormal escalation clauses) or base year (for constant dollar clauses) index values and the actual index values exceed a predetermined threshold. This threshold will normally be established in terms of a percentage deviation from the forecasted or base year index values. The size of the threshold will be established on the basis of individual acquisition and economic conditions. However, appropriate considerations include minimizing administrative costs, avoiding adjustments for insignificant aberrations in the indexes, and providing for a reasonable assumption of risk by both the contractor and the government.

(xi) Adjustments shall not be applied to the profit portion of the contract, except in the most extraordinary circumstances. An EPA clause which provides for adjustment on profit shall not be used without the approval of the Secretary of the Air Force.

16.290 Payment procedures and economic price adjustments for fixed-price contracts using the cost index method of EPA.

(a) Fixed price incentive contracts.

(1) Normally within 30 days after actual index values required by the EPA clause become available, the contracting officer shall calculate the amount of the EPA, advise all interested parties, and initiate a supplemental agreement with the contractor to recognize the EPA, unless otherwise required by the EPA clause.

(2) The calculated EPA shall be applied to the contract target cost, contract target price and contract ceiling price as required by the EPA clause.

(3) The EPA and the incentive price revision (IPR) clauses shall operate independently. As such, price adjustments under the EPA clause will not require special actions to adjust billing prices. Billing prices shall be handled strictly in accordance with the Incentive Price Revision clause. However, despite the operative independence of these two clauses, a significant EPA may signal that the contractor's actual cost experience is also deviating significantly from target and that the adequacy of the current billing prices should be investigated. It may also be an indication that the alternate progress payment liquidation rate should be increased.

(4) In investigating the estimated actual cost at completion pursuant to the Incentive Price Revision clause, economic forecasts developed in connection with previous EPA analyses may be used as one of the factors taken into consideration in revising the estimated actual cost to complete projections. Because of the difficulty of separating inflationary effects from other factors involved in actual cost changes, all factors must be considered in arriving at a revised total cost projection upon which to base a change in billing prices/unit prices for payment purposes. If the estimated actual cost at completion is substantially greater than target cost, a change in billing price may be negotiated in accordance with the IPR clause.

(b) Firm fixed-price contracts. Normally within 30 days after actual index values required by the EPA clause become available, the contracting officer shall calculate the amount of the EPA, advise all interested parties, and initiate a supplemental agreement with the contractor to recognize the EPA, unless otherwise required by the EPA clause.

PART 16--TYPES OF CONTRACTS

SUBPART 16.6--TIME-AND-MATERIALS, LABOR-HOUR, AND LETTER CONTRACTS

16.601 Time-and-materials contracts.

(c) The determination shall be approved at least one level higher than the contracting officer.

16.602 Labor-hour contracts.

The determination shall be approved at least one level higher than the contracting officer.

PART 16--TYPES OF CONTRACTS

SUBPART 16.7--AGREEMENTS

16.703 Basic ordering agreements.

(c) Limitations. (1) Basic ordering agreements (BOA) shall not be used for the acquisition of major systems, major modifications, or major operation and maintenance (O&M) programs. This prohibition does not apply to orders for the repair of battle or crash damaged aircraft.

(2) To minimize the number of BOAs with an individual contractor, BOAs shall provide for the purchase of authorized supplies and services covering as wide a range as practicable. Separate BOAs may be negotiated when the pricing arrangement will be on other than a firm fixed-price basis, when it is necessary to restrict the use of the BOA to the acquisition of specific supplies or services, or when it is necessary to authorize the administrative contracting officer to issue orders.

(3) An activity having a requirement for a BOA is responsible for assuring that a BOA has not already been issued which will satisfy its requirement.

(4) BOAs shall provide a time period for the contractor to price proposals for unpriced orders issued. The period should be within 30 days and normally should not exceed 60 days from receipt of order. If the contracting officer determines that a longer period is necessary, the contract file shall be so documented.

16.790 Call contracting arrangements.

(a) Description. A call contracting arrangement is an agreement containing a specific description of the supplies or services to be furnished but not containing specific quantities or delivery schedules. The arrangement includes fixed prices and specifies the period during which calls may be made. The Air Force is under no obligation to call for any supplies or services during such period. Quantities and delivery schedules are established by each call. The estimated aggregate price of the calls shall be considered the amount of the contract within the delegation of authority to make awards and execute or approve contracts.

(b) Application. A call contracting arrangement may be appropriate when quantity and delivery requirements are not presently known, but when recurring requirements are expected to arise in circumstances when time would not permit solicitation of bids or proposals, and fixed prices can be established at the outset for the supplies or services to be purchased. Thus, a call contracting arrangement may be applicable where standby contracting coverage is required and circumstances will not permit firm contractual commitments by either the Air Force or the contractor. Examples of when call contracting arrangements might apply is the purchase of the printing of technical data or oxygen.

(c) Limitations. (1) Call contracting arrangements shall not exceed one 12 month period.

(2) Minimum and maximum requirements shall be included. A call contracting arrangement shall be used only when no other type can be used. The contract file shall contain a statement giving the reasons why the use of an indefinite quantity or requirement contract cannot be used and why a call contracting arrangement is necessary.

(3) Any call using one year funds shall be supported by fiscal year funds in effect at the date of the call.

TABLE OF CONTENTS

PART 17--SPECIAL CONTRACTING METHODS

SUBPART 17.1--MULTIYEAR CONTRACTING

Paragraph	Title	Page
17.102	Policy.	17.1-1
17.102-2	General.	17.1-1
17.102-3	Objectives.	17.1-1
17.103	Procedures.	17.1-1
17.103-1	General.	17.1-1
17.103-70	Funding multiyear contracts.	17.1-2

SUBPART 17.2--OPTIONS

Paragraph	Title	Page
17.203	Solicitations.	17.2-1
17.206	Evaluation.	17.2-1
17.207	Exercise of options.	17.2-1

SUBPART 17.72--ACQUISITION OF COMPONENT PARTS

Paragraph	Title	Page
17.7203	Procurement of parts.	17.72-1

PART 17--SPECIAL CONTRACTING METHODS

SUBPART 17.1--MULTIYEAR CONTRACTING

17.102 Policy.

17.102-2 General.

As stated in DOD FAR Sup 17.103-70, the provisions of annual authorization or appropriation acts may restrict contracting flexibility under this Subpart. Before entering into any multiyear contract, the contracting officer shall review current congressional language for potential restrictions. HQ USAF/RDCS is available to provide advice in this area.

17.102-3 Objectives.

(d)(3) Recurring costs in cancellation ceiling. In accordance with 1.403, authority to approve a deviation to include recurring costs in the cancellation ceiling is retained by HQ USAF/RDC. This method of financing is an exception to current Department of Defense practices and may require Congressional coordination or approval, and for that reason will have very limited application. Therefore, if use of this method is contemplated, major commands should contact HQ USAF/RDCS early in the planning process to discuss application.

17.103 Procedures.

17.103-1 General.

(b)(70) Before to making a written determination to award a multiyear contract for services with a cancellation ceiling exceeding $100 million, the HCA shall comply with the requirements in both DOD FAR Sup 17.103-70 and this Supplement. Such determination shall be made before release of solicitation and validated before contract award in accordance with DOD FAR Sup 17.103-4(c).

(b)(71)(i) The written determination of the Assistant Secretary of the Air Force for Research, Development and Logistics is required for--

(A) Multiyear contracts for systems on the current DOD Major Systems Schedule, as published by the Defense Systems Acquisition Review Council Executive Secretary; and

(B) Any multiyear contract for property for which the cancellation ceiling is estimated to exceed $100 million.

(b)(71)(ii) The HCA, with power of redelegation, is authorized to make written determinations for multiyear contracts for property when the cancellation ceiling is under $100 million.

(b)(71)(iii) Solicitations shall not be issued until written determinations have been made. The request for Secretarial written determination shall be forwarded through major command channels to HQ USAF/RDCS and, to the extent practical, shall accompany the request for Secretarial Determinations and Findings (D&F) when such a D&F applies. (See FAR and DOD FAR Sup Subpart 15.3.) Determinations shall be validated before contract award in accordance with DOD FAR Sup 17.103-4(c).

17.103-70 Funding multiyear contracts.

(a) Congressional notification. Reports of intent to award a multiyear contract containing a cancellation ceiling in excess of $100 million shall be submitted to the Office of the Secretary of the Air Force/Legislative Liaison (SAF/LLP), with an information copy to HQ USAF/RDCS and HQ USAF/ACBI. Reports shall be submitted so as to arrive 40 days before the planned contract award date. HQ USAF/RDCS shall be responsible for notifying OUSDRE(AM) and OASD(C)(P/B).

(b) HQ USAF notification. Reports on proposed multiyear contracts containing a cancellation ceiling in excess of $20 million, but not exceeding $100 million, shall be submitted to HQ USAF/RDCS and HQ USAF/ACBI. Reports shall be submitted so as to arrive 40 days before the planned contract award date.

(c) Award. Unless the contracting officer is notified to the contrary, the contract may be awarded, subject to other required approvals and notifications, after close of the applicable waiting period described in paragraphs (a) and (b) of this subsection.

(d) Report format. The report format shall be that specified in 5.303(b) with the following modifications and additions that apply to multiyear contracting:

(1) Item (3). Face value for total multiyear period and, separately, the value of any options.

(2) Item (13). List as N/A.

(3) Item (16). List as N/A.

(4) Add item (18). Include the estimated cancellation ceilings for each program year of the proposed contract.

(5) Add item (19). Include the estimated savings over annual procurement methods.

PART 17--SPECIAL CONTRACTING METHODS

SUBPART 17.2--OPTIONS

17.203 Solicitations.

When options are used in service contracts, use separate contract line items for the basic and each option period. Normally, priced options for two one-year periods should be obtained.

17.206 Evaluation.

When priced options are obtained in accordance with this Subpart, they shall be included along with the basic year bid price in the solicitation evaluation.

17.207 Exercise of options.

(c) Before exercising an option, the contracting officer shall determine if the contractor's performance is satisfactory. The following factors may also be considered in the informal investigation of prices and the market:

(1) The fact that the option price was part of the initial award.

(2) The relationship of the option price to the price for the initial contract period.

(3) The adequacy of competition at time of initial award as compared to that at the time of the option period.

(4) Changes in the general economy that could affect cost of performance.

(5) Informal survey of other contracting activities as to any substantive changes in bid prices for similar services at their activities.

(6) Potential saving in administrative costs by exercising the option as compared to the administrative cost of awarding a new contract.

(f) The contracting officer shall also make a determination of contractor responsibility before exercising the option. (See FAR 9.103.) In addition, when the contractor has been notified of the Air Force's intent to exercise an option, a notice of intent to advertise shall not be placed in the Commerce Business Daily.

PART 17--SPECIAL CONTRACTING METHODS

SUBPART 17.72--ACQUISITION OF COMPONENT PARTS

17.7203 Procurement of parts.

(a) HQ USAF/LE is the Air Staff OPR for the "DOD Replenishment Parts Breakout Program," and HQ AFLC is responsible for implementation of the program.

(b) Surplus items shall be considered under the provisions of FAR 10.010.

(c) HQ AFLC/PM, in conjunction with the Command Competition Advocate, is responsible for the implementation of procedures for processing requests from sources seeking approval as a potential source for an item with a restrictive Acquisition Method Code (AMC).

TABLE OF CONTENTS

PART 19--SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS CONCERNS

SUBPART 19.2--POLICIES

Paragraph	Title	Page
19.201	General policy.	19.2-1
19.290	Air Force Small Business and Economic Utilization Council.	19.2-2

SUBPART 19.5--SET-ASIDES FOR SMALL BUSINESS

Paragraph	Title	Page
19.501	General.	19.5-1
19.505	Rejecting set-aside recommendations.	19.5-1

SUBPART 19.6--CERTIFICATES OF COMPETENCY AND DETERMINATIONS OF ELIGIBILITY

Paragraph	Title	Page
19.670	Certificate of competency reports.	19.6-1

SUBPART 19.8--CONTRACTING WITH THE SMALL BUSINESS ADMINISTRATION (THE 8(a) PROGRAM)

Paragraph	Title	Page
19.801	General.	19.8-1
19.803	Selecting acquisitions for the 8(a) program.	19.8-1
19.804	Agency evaluation of the Small Business Administration's request for a commitment.	19.8-1
19.805	Pricing the 8(a) contract.	19.8-1

PART 19--SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS CONCERNS

SUBPART 19.2--POLICIES

19.201 General policy.

(d)(1) The appointing authority shall consult with the Director of Small and Disadvantaged Business Utilization (HQ USAF/RDB) before appointing a Command SADBU Executive. The appointment of SADBU Specialists and Executives shall be made on Certificates of Appointment, available from HQ USAF/RDB. Appointments are effective upon signature and dating of the certificate by the appointing official. The Certificate of Appointment shall be executed by the appointing official. After execution by the appointing official, the certificate shall be forwarded to HQ USAF/RDB for signature of the Director of SADBU. After signature by the Director, the certificate shall be transmitted to the appointee.

(2)(xiv) When Air Force participation is required in conferences conducted to assist small businesses, small and disadvantaged business utilization specialists will serve as the Air Force representative. HQ USAF/RDB will assign responsibility for providing Air Force representation to commands with bases in the area of the particular conference. In the case of congressionally sponsored federal procurement conferences, responsibility is assigned as follows:

ESD--New England except Fairfield County, Connecticut.

RADC--New York north of Orange and Putnam Counties; Pennsylvania except Delaware, Montgomery, Bucks, Philadelphia, and Chester Counties.

HQ AFSC--Delaware; District of Columbia; Maryland, New York City, New Jersey; Virginia; Fairfield County, Connecticut; Montgomery, Bucks, Philadelphia, Delaware and Chester Counties in Pennsylvania.
Warner Robins ALC--Georgia, North Carolina, South Carolina, and Tennessee except Shelby County.

ESMC, Patrick AFB--Florida east of Taylor and Madison Counties.

AD--Alabama; Florida west of Dixie, Lafayette, Suwanee, and Hamilton Counties; Mississippi south of Issaquena, Sharkey, Yazoo, Madison, Leake, Meshoba and Kemper Counties.

San Antonio ALC--Louisiana; Texas east of Winkler, Ward, Reeves, and Jeff Davis Counties.

Oklahoma City ALC--Arkansas, Kansas; Nebraska; Oklahoma; Mississippi north of Warren, Hinds, Rankin, Scott, Newton and Lauderdale Counties; Missouri except St. Louis; Shelby County in Tennessee.

AFCMD--Arizona; New Mexico; Texas east of Ector, Crane, Pecos and Brewster Counties.

Ogden ALC--Colorado, Idaho, Montana, North Dakota, South Dakota, Wyoming and Utah.

Sacramento ALC--Oregon; Washington; California north of San Luis Obispo, Kern, and San Bernadino Counties; Nevada except Clark County.

SD/BMO--California south of Monterey, Kings, Tulare, and Inyo Counties; Clark County in Nevada.

HQ AFLC/ASD/2750 ABW--Illinois; Indiana; Iowa; Kentucky; Michigan; Minnesota; Ohio; West Virginia; Wisconsin, St. Louis County, Missouri.

AAC--Alaska.

PACAF--Hawaii.

In those areas where either AFLC or AFSC has responsibility, both commands shall be represented. In addition, the small and disadvantaged business utilization specialist or contracting personnel from other major commands represented in the local area shall attend. When the Air Force serves as DOD coordinator for the conference, the Air Force Office of Small and Disadvantaged Business Utilization (HQ USAF/RDB) shall be represented and shall appoint a field coordinator from HQ AFLC or HQ AFSC. The AFLC representative shall provide a seminar on "How to Prepare a Bid." The AFSC representative shall prepare the DOD Conference Report.

19.290 Air Force Small Business and Economic Utilization Council.

This Council is comprised of the command Executives for Small and Disadvantaged Business Utilization from HQ AFLC, HQ AFSC, HQ MAC, HQ SAC, HQ TAC, and HQ ATC and is chaired by the Air Force Director of the Office of Small and Disadvantaged Business Utilization. The Council is convened at the call of the Chairman and operates to assist in the development of Air Force policies and procedures on small business and economic utilization matters. Field level small and disadvantaged business utilization specialists are encouraged to submit proposed agenda items through command channels to HQ USAF/RDB.

PART 19--SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS CONCERNS

SUBPART 19.5--SET-ASIDES FOR SMALL BUSINESS

19.501 General.

(c) The review process shall be documented on AF Form 3055. In addition to the review requirements in DOD FAR Sup 19.501(c), in activities assigned a full-time SADBUS, the SADBUS shall review all acquisitions in excess of $25,000.

19.505 Rejecting set-aside recommendations.

When notified by SBA that it has filed an appeal with the Secretary, the contracting officer shall prepare an appeal file. The file shall contain a statement by the contracting officer which sets forth the decision rationale and addresses the appeal issues on a point-by-point basis. The statement shall include the rationale for disregarding known small business sources, small businesses identified through synopsis, and sources recommended by the SADBUS and SBA. In addition to the contracting officer's statement, the file shall include the comments and/or concurrence of the SADBUS, the completed AF Form 3055, SBA Form 70, any related correspondence, the procurement history, and a copy of the solicitation's coverage of evaluation and award factors. The appeal file shall be forwarded through command channels to HQ USAF/RDB within ten working days after receipt of the formal appeal.

PART 19--SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS CONCERNS

SUBPART 19.6--CERTIFICATES OF COMPETENCY AND DETERMINATIONS OF ELIGIBILITY

19.670 Certificate of competency reports.

This report is due in HQ USAF AF/RDB by the 25th day of the month following the reporting period. Each command except HQ AFLC and HQ AFSC shall submit a consolidated report. The AFLC and AFSC reports shall show a breakout of ALCs, divisions, and centers. Reports shall be submitted, by columns, left to right on each page:

Column	Entry
1	Name of Firm
2	Item Description
3	Solicitation Number
4	Contract Amount. (Place in parenthesis the value of the action referred to SBA if low bidder did not get award.)
5	Date Referred to SBA
6	Final Disposition (If COC was initiated in reporting period, indicate in lieu of final disposition.) If final disposition is correct, show the reason. Examples are: -SBA issued COC. -Firm elects not to file for COC or withdraws COC request. -SBA declined to issue COC. -No COC issued. Awarded to low bidder on basis of information supplied. -Did not ask for COC due to urgency. -Acquisition cancelled (brief reason such as lack of funds, etc.) -Other reason (explain).

PART 19--SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS CONCERNS

SUBPART 19.8--CONTRACTING WITH THE SMALL BUSINESS ADMINISTRATION (THE 8(a) PROGRAM)

19.801 General.

(b)(2) Section 8(a) Appeals. Upon receipt of SBA notification of an intent to appeal pursuant to Section 8(a), the contracting activity shall forward both a copy of the notification and the contracting officer's decision through command channels to HQ USAF/RDB. HQ USAF/RDB shall notify the major command involved when a formal appeal has been filed with the Secretary and shall ask for an appeal file. The file shall contain a statement by the contracting officer which includes the chronology of events and addresses the appeal issues on a point-by-point basis. Documentation fully supporting the statement shall be included as attachments or exhibits. The appeal file shall include comments of the SADBUS or concurrence as appropriate. The appeal file shall be forwarded through command channels to HQ USAF/RDB within ten working days after receipt of the formal appeal.

19.803 Selecting acquisitions for the 8(a) program.

The SADBUS assigned to the individual contracting activity is the Air Force representative for purposes of this section.

19.804 Agency evaluation of the Small Business Administration's request for a commitment.

The SADBUS assigned to the individual contracting activity is the Air Force representative for purposes of this section.

19.805 Pricing the 8(a) contract.

A price negotiation memorandum, prepared in accordance with FAR Subpart 15.8 and detailing the basis for determining fair market price, is required on all 8(a) contracts.

TABLE OF CONTENTS

PART 22--APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS

SUBPART 22.1--BASIC LABOR POLICIES

Paragraph	Title	Page
22.101	Labor relations.	22.1-1
22.101-1	General.	22.1-1
22.103	Overtime.	22.1-2
22.103-4	Approvals.	22.1-2

SUBPART 22.10--SERVICE CONTRACT ACT OF 1965

Paragraph	Title	Page
22.1007	Notice of intention to make a service contract.	22.10-1
22.1008	Wage determinations and collective bargaining agreements.	22.10-1
22.1008-3	Review.	22.10-1

PART 22--APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS

SUBPART 22.1--BASIC LABOR POLICIES

22.101 Labor relations.

22.101-1 General.

(74) USAF Industrial Labor Affairs Offices are established to provide advice and assistance to Air Force commands and separate operating activities on contractor industrial labor affairs matters. The offices are located to serve prescribed geographical areas. The addresses, telephone numbers, and areas of jurisdiction are set forth below. In certain situations because of limited staffing, trvel requiements and/or leave, the regional labor advisor for the area may not be available to provide assistance when needed. In these cases when significant problems or emergencies arise, HQ USAF Industrial Labor Affairs Office (HQ USAF/RDC-LA) should be contacted.

Industrial Labor Relations Office	Geographical Coverage
McGuire Labor Affairs Office USAF/RDC-LA(2) Bldg 35-63 McGuire AFB NJ 08641 Phone: A/C 609 724-4363/2072 Autovon: 440-4363/2072	Maine, New Hampshire, Vermont, New York, District of Columbia, Delaware, Maryland, West Virginia, Virginia, Massachusetts, New Jersey, Pennsylvania, Rhode Island, and Connecticut
Patrick Labor Affairs Office USAF/RDC-LA(3) P.O. Box 4728 Patrick AFB FL 32925 Phone: A/C 305 494-6711/6734 Autovon: 854-6711/6734	North Carolina, South Carolina, Georgia, Alabama, Tennessee, Mississippi, and Florida
Dayton Labor Affairs Office USAF/RDC-LA(4) Bldg #1, Area C, Room 1W Wright-Patterson AFB OH 45433 Phone A/C 513 257-7579 Autovon: 787-7579	Ohio, Michigan, Wisconsin, Illinois, Indiana, and Kentucky
Omaha Labor Affairs Office USAF/RDCM-LA(5) c/o 3902 ABW/LGC, Bldg C Offutt AFB NE 68113 Phone: A/C 402 294-2649/2455 Autovon: 271-2649/2455	South Dakota, Minnesota, Nebraska, Iowa, Kansas, North Dakota, and Missouri

Industrial Labor Relations Office	Geographical Coverage
San Antonio Labor Affairs Office USAF/RDC-LA(6) P.O. Box 8218 San Antonio TX 78208 Phone: A/C 512 299-4816 Autovon: 471-2832/5100	Okalahoma, Arkansas, New Mexico, Texas, and Louisiana
Colorado Springs Labor Affairs Office USAF/RDC-LA(7) P.O. Box 14009 Peterson AFB CO 80914 Phone: A/C 303 591-7004 Autovon: 692-7004	Colorado, Wyoming, Utah, Montana, Idaho, Washington, Oregon, and Alaska
Vandenberg Labor Affairs Office USAF/RDC-LA(8) P.O. Box 5147 Vandenberg AFB CA 93437 Phone: A/C 805 866-7711/7712 Autovon: 276-7711/7712	California, Nevada, Arizona, and Hawaii

22.103 Overtime.

22.103-4 Approvals.

(f) The following officials are designated, without power of redelegation, as the approving officials for payment of overtime premiums as contemplated by the clause at FAR 52.222-2:

(1) The commander or vice commander of each major command.

(2) The Deputy or Assistant Deputy Chief of Staff Contracting and Manufacturing HQ AFSC; the commander, deputy commander, chief of the contracting and manufacturing office, directors of buying offices, and systems programs directors at AFSC divisions; the commander, deputy commander, and director of contracting at AFSC centers and ranges.

(3) The Deputy or Assistant Deputy Chief of Staff Contracting and Manufacturing HQ AFLC, the commander, deputy commander, director or deputy director of contracting and manufacturing and chief or deputy chief of central contract buying divisions at AFLC air logistics centers; the Commander, Vice Commander, or Deputy for Contracting and Manufacturing at the AFALD;

(4) The Director and Deputy Director of Contracting AFOSR.

(5) The director or deputy director of contracting at the major commands other than AFLC and AFSC.

PART 22--APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS

SUBPART 22.10--SERVICE CONTRACT ACT OF 1965

22.1007 Notice of intention to make a service contract.

Standard Form 98 requires, among other things, that the number of employees to be used in each classification be listed and submitted to the Department of Labor. In cases where an AFM 26-1 study is involved, these numbers could compromise the Air Force cost estimate. Accordingly, in such cases, the following statement shall be included on the SF 98a.

"Release of the information contained herein may jeopardize the competitive contracting process. This information shall not be disclosed without prior approval of ___________."

22.1008 Wage determinations and collective bargaining agreements.

22.1008-3 Review.

(a) The Air Force may request a variance hearing by the Department of Labor when a SCA wage determination is issued which reflects the terms of a collective bargaining agreement (CBA) and contains wage rates and fringe benefits which appear to be substantially at variance with the prevailing wages for similar services in the locality.

(b) The responsible contracting officer shall compile data to support the claim that a substantial variance exists and forward it to the appropriate regional labor advisor. Data shall include wages and fringe benefits paid by a reasonable number of both government contractors and private sector employees. Numbers of employees used by each company in each classification in question should be included. The regional labor advisor will review the supporting evidence and forward the request, with appropriate endorsement, to HQ USAF/RDC-LA.

(c) Prevailing wage rate determinations (as opposed to those issued pursuant to a CBA) are not subject to a formal variance hearing procedure. If they appear to be excessive, data shall be referred to the regional labor advisor in the manner and with the evidence set forth above. The regional labor advisor and/or HQ USAF/RDC-LA will make contact with the Department of Labor to request reconsideration of the wage determination.

TABLE OF CONTENTS

PART 23--ENVIRONMENT, CONSERVATION, AND OCCUPATIONAL SAFETY

SUBPART 23.3--HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA

Paragraph	Title	Page
23.302	General.	23.3-1
23.303	Contract clause.	23.3-1
23.390	Solicitation provision.	23.3-2

SUBPART 23.90--SAFETY AND ACCIDENT PREVENTION ON GOVERNMENT INSTALLATIONS

Paragraph	Title	Page
23.9001	General.	23.90-1
23.9002	Contract clause.	23.90-2

PART 23--ENVIRONMENT, CONSERVATION, AND OCCUPATIONAL SAFETY

SUBPART 23.3--HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA

23.302 General.

(a) Material safety data sheets (MSDS) required by FAR 52.223-3 shall be obtained by Air Force contracting activities only when (1) the Air Force is designated as the DOD Integrated Material Manager for the hazardous item, and (2) locally purchased items described in Federal Standard 313A are obtained for local use by local activities.

(b) Requiring activities shall identify to contracting activities (1) all commodities from Federal Standard 313A listed in Table I, (2) those items listed in Table II having hazardous characteristics, or (3) any hazardous item in any other Federal Supply Class. Medical service bioenvironmental engineering personnel may be contacted regarding any questions whether an item is hazardous.

(c) When MSDS data has been submitted for a particular commodity identified by a National Stock Number and no changes affecting the characteristics and composition have been made, a new MSDS is not required. However, either a copy of the original submission or contract number and date of previous submission is required.

(d) The contractor is responsible for mailing a copy of the each MSDS for local purchase items to the Bioenvironmental Engineering Section (BES) of the base medical facility. The BES shall maintain files of MSDS data and may be contacted to determine if a MSDS for an item is on file.

(e) The contractor is responsible for mailing copies of completed MSDS for other than local purchase items to HQ USAF OEHL/ECH, Brooks AFB, TX 78235.

23.303 Contract clause.

(a) The contracting officer shall insert the clause at 52.223-9000 in contracts when the clause at FAR 52.223-3 applies and the offeror has certified under the provision at 52.223-9003 that either the material to be used is not hazardous and, thus, a MSDS is not necessary or that material to be used is hazardous but that a MSDS has been previously submitted.

(b) The contracting officer shall insert the clause at 52.223-9001 in contracts for other than local purchase of items when the clause at FAR 52.223-3 applies and the offeror's certification under 52.223-9003 requires submission of a MSDS.

(c) The contracting officer shall insert the clause at 52.223-900 in contracts for local purchase of items when the clause at FAR 52.223-3 applies and the offeror's certification under the provision 52.223-9003 requires submission of a MSDS.

23.390 Solicitation provision.

The contracting officer shall insert the provision at 52.223-9003 i solicitations when it is possible that hazardous material may be used during contract performance and the clause at FAR 52.223-3 has been inserted in the proposed contract.

PART 23--ENVIRONMENT, CONSERVATION, AND OCCUPATIONAL SAFETY

SUBPART 23.90--SAFETY AND ACCIDENT PREVENTION ON GOVERNMENT INSTALLATIONS

23.9001 General.

(a) It is Air Force policy to provide its employees with a safe and healthful working environment in which recognized hazards have been eliminated or controlled. Related improvements to the condition of a facility should be effected according to a priority system governed by the severity of the hazards and the availability of resources. It is inappropriate, however, to discriminate against the safety and health interests of government employees by according special priority to improvements in facilities that will be occupied by a private contractor.

(b) Because improvements and maintenance to government facilities are programmed according to limited resources, it is inevitable that facilities are sometimes occupied by contractors before all known hazards are eliminated. In those circumstances, it is proper to advise offerors of those potential hazards that the Air Force has identified, particularly when the existing in-house management has imposed procedures to avoid or control the problems.

(c) In the event that the purchase request incorporates a performance work statement requiring performance in government facilities, and those facilities have known health, safety, or environmental conditions which could affect performance under the contract, the solicitation and resulting contract shall inform the bidders/contractor what they are and that they will be corrected in accordance with established base-wide priorities. When such conditions exist for which the government has established procedural workarounds to offset the potential hazards, the existence of these or similar workarounds shall be identified to the offerors. It should be made clear, however, that by identifying any known conditions, the Air Force does not warrant or guarantee that no other possible hazards exist, or that the workaround procedures currently employed will be adequate to meet the responsibilities of the contractor. Offerors shall also be expressly advised that compliance with the Occupational Safety and Health Act, Air Force Occupational Safety and Health Standards developed according to AFR 127-12, and other applicable laws and regulations for the protection of employees is exclusively the obligation of the contractor, and that the government shall assume no liability or responsibility for the contractor's compliance or noncompliance with such requirements.

23.9002 Contract clause.

The contracting officer shall insert the clause at 52.223-9004 in solicitations and contracts, other than for construction, which require performance on a government installation, other than installations under the contractor's sole control.

TABLE OF CONTENTS

PART 25--FOREIGN ACQUISITION

SUBPART 25.1--BUY AMERICAN ACT - SUPPLIES

Paragraph	Title	Page
25.102	Policy.	25.1-1
25.105	Evaluating offers.	25.1-3
25.107	Acquisition from or through other government agencies.	25.1-3
25.190	Courtesy contracting of foreign end products by oversea contracting activities.	25.1-3

SUBPART 25.3--BALANCE OF PAYMENTS PROGRAM

Paragraph	Title	Page
25.304	Excess and near-excess foreign currencies.	25.3-1

SUBPART 25.4--PURCHASES UNDER THE TRADE AGREEMENTS ACT OF 1979

Paragraph	Title	Page
25.402	Policy.	25.4-1
25.403	Exceptions.	25.4-1
25.405	Procedures.	25.4-1
25.407	Solicitation provision and contract clause.	25.4-1

SUBPART 25.6--CUSTOMS AND DUTIES

Paragraph	Title	Page
25.690	Non-Canadian foreign source contracts.	25.6-1

SUBPART 25.7--RESTRICTIONS ON CERTAIN FOREIGN PURCHASES

Paragraph	Title	Page
25.703	Exceptions.	25.7-1

SUBPART 25.70--APPROPRIATIONS ACT RESTRICTIONS

Paragraph	Title	Pag
25.7002	Restriction.	25.

SUBPART 25.71--CANADIAN PURCHASES

Paragraph	Title	Pag
25.7104	Procedures for Canadian purchases.	25.
25.7104-90	Research contracts with Canadian educational institutions.	25.

SUBPART 25.76--USE OF U.S.-OWNED FOREIGN CURRENCY FOR PAYMENTS

Paragraph	Title	Page
25.7604	Awards.	25.7

SUBPART 25.90--CONTRACTING SERVICES FOR THE FEDERAL REPUBLIC OF GERMANY

Paragraph	Title	Page
25.9000	Scope of part.	25.90
25.9001	Definitions.	25.90
25.9002	Cooperative U.S.-FRG logistics system.	25.90
25.9003	Sources.	25.90
25.9004	Procedures.	25.90

PART 25--FOREIGN ACQUISITION

SUBPART 25.1--BUY AMERICAN ACT - SUPPLIES

25.102 Policy.

(a) The contracting officer shall prepare a request for nonavailability determination, substantially in the form described in paragraph (b) of this section, and submit it in triplicate through command channels to the appropriate authority as determined on the basis of the estimated foreign costs involved. Each request shall identify the proposed acquisition by applicable purchase request or contract number and shall include--

(1) A description of the articles intended to be acquired, manufacturer's name and address, model number, and specific information pertaining to special features, performance, versatility, and so forth. Item descriptions should be identical to those reflected in the purchase request or contract, unless a copy of such document is forwarded with the request for determination;

(2) A statement of the efforts made to secure either the articles required or suitable substitutes from domestic sources. List all domestic sources contacted or provide reasons why domestic sources were not contacted. Additionally, list reasons, if known, why domestic sources contracted could not or would not furnish required articles or suitable substitutes;

(3) The name and address of the proposed source (if other than the manufacturer, state reason(s) why direct purchase or purchase through an overseas contract activity as designated in 25.190 is not feasible);

(4) The reason why purchase of foreign material or from foreign source is necessary. Identify and explain specific portion of mission or requirement which is of such magnitude as to override consideration to procure a domestic source end product;

(5) A description of the end use of item to be purchased and a brief description of the special function to be accomplished, such as performance of special tests or research work;

(6) The identity of the purchaser;

(7) The citation of the applicable appropriation;

(8) Under what type and number of contract the contractor is operating and what will be the disposition of articles at completion of contract when the proposed purchaser is not a government agency but is an Air Force contractor;

(9) Whether or not payment is intended to be made before deliv is accomplished; and

(10) The estimated foreign, domestic, and total cost which is anticipated will be involved in the proposed acquisition.

(b) Use the following format for Nonavailability Determination

"NONAVAILABILITY DETERMINATION

The United States Air Force proposes under Purchase Number see note 1) to acquire for public use, at an estimated cost of $__________ for (describe supplies), manufactured by (manufacturer name, see note 2) in (city and country of origin, see note 3) from (here identify the proposed offer; see note 3).

The above described supplies are not (mined, purchased, or manufactured, as the case may be) in the United States in sufficie and reasonably available commercial quantities and of a satisfacto quality.

It is determined that the provisions of the Buy American Act (41 10a-d) are inapplicable to the articles enumerated above or the purchase thereof and that the same may be purchased without regard said Act.

This Determination is made pursuant to the authority vested in t undersigned by Federal Acquisition Regulation (FAR) 25.102(b) and does not constitute sole source or authority to negotiate. When i necessary to obtain sole source authority or authority to negotiat the procedures of FAR apply."

NOTES:

1. Insert purchase request number, if any. If there is no purcha request, omit "under Purchase Request Number."

2. Insert manufacturer's name, city and country of origin. When manufacturer is also the vendor, omit the remainder of the sentenc starting with "from."

3. The first paragraph of the above format is designed for the ca when the purchase is to be made by the Air Force directly. If the purchase is to be made by an Air Force contractor, the word "from" shall be omitted and the following shall be inserted: "through name of contractor as Air Force contractor under Contract Number __________ from (here identify the proposed source)."

(c) If the proposed purchase is excepted from the requirements the Buy American Act, both under FAR 25.102 because it consists of articles, materials or supplies excepted under FAR 25.108, no determination is required under FAR 25.108, but only a statement b the buyer (according to FAR 25.108) stating that the supplies being purchased do fall within the category excepted under FAR 25.108.

25.105 Evaluating offers.

The bid evaluation factors set forth in FAR 25,105 shall be applied to the total lease cost when the foreign cost contents cannot be determined or (2) the foreign cost content exceeds 50% of total lease cost. In all other instances, the bid evaluation factors shall be applied only to the foreign cost content of the total lease cost, provided, that, a deviation pursuant to DOD FAR Sup 25.102(73)(1) is obtained in advance of solicitation. Such deviations for contemplated leases not in excess of $250,000 shall be submitted to the appropriate HCA for approval. Acquisitions coming within DOD FAR Sup 25.105(71)(1)(iii) shall be forwarded through channels to HQ USAF/RDCL for submission to the Secretary of the Air Force for consideration.

25.107 Acquisition from or through other government agencies.

In the case of intercommand acquisitions, compliance with the Buy American Act and Balance of Payments evaluation procedures is the responsibility of the contracting command except when the requiring command specifies a foreign end product, in which case, the determination is the responsibility of the requiring command.

25.190 Courtesy contracting of foreign end products by oversea contracting activities.

(a) The following contracting activities are designated for the acquisition of requirements for foreign end products when requested by CONUS bases:

PACAF Activities

Activity	Geographical Area
PACAF Contracting Center, Japan	Japan (excluding Okinawa)
PACAF Contracting Center, Okinawa	Okinawa
PACAF Contracting Center, Philippines	Philippines

USAFE Activities

Activity	Geographical Area
USAFE Contracting Region UK North APO New York 09179	Scotland, Ireland, England

Activity	Geographical Area
USAFE Contracting Center APO New York 09633	Germany, France, Belgium, The Netherlands, Sweden, Luxemburg, Finland, Austria, Switzerland
USAFE Contracting Region - Spain APO New York 09283	Spain, Portugal
USAFE Contracting Region - Greece APO New York 09223	Greece
USAFE Contracting Region - Italy APO New York 09293	Italy
USAFE Contracting Region - Denmark APO New York 09170	Denmark, Norway
HQ TUSLOG/LGC APO New York 09254	Turkey

(b) CONUS contracting activities requesting contracting support shall provide, as a minimum, the information specified below to the appropriate oversea contracting activity. Additional information that would amplify and clarify the requirement is encouraged. Contracting activities shall treat all requests for contracting support on a priority basis. The requesting activity shall provide --

(1) A purchase request with complete description of the requirement including definitive specifications free of any defects that would otherwise preclude immediate contracting action;

(2) A complete packaging, packing, preservation, and special instructions dictated by the nature of the commodity to be purchased, if necessary;

(3) An executed Buy American Act Determination (DOD FAR Sup 25.102(71)) if the item is not exempted;

(4) The sole source determinations and findings, if appropriate;

(5) The obligation authority;

(6) The complete mailing address and telephone number of a single point of contact;

(7) Complete transportation, routing, or shipping instructions. If the foreign contractor will be required to ship requirements to multiple CONUS-based consignees, detailed shipping instructions concerning each consignee shall be provided to the oversea procuring activity; and

(8) Any special distribution requirements for the contractual ocuments required beyond the normal distribution.

(c) Oversea contracting activities providing courtesy contracting upport to CONUS-based requiring activities shall, after determining ll submitted documentation to be adequate, proceed with the cquisition utilizing the certificate of conformance when appropriate. he AFO supporting the oversea procuring activity shall make payments n all transactions. The CONUS requiring base shall respond xpeditiously to any requests of the oversea contracting activity.

PART 25--FOREIGN ACQUISITION

SUBPART 25.3--BALANCE OF PAYMENTS PROGRAM

25.304 Excess and near-excess foreign currencies.

(See Subpart 25.76.)

pages tightly bound

PART 25--FOREIGN ACQUISITION

SUBPART 25.4--PURCHASES UNDER THE TRADE AGREEMENTS ACT OF 1979

25.402 Policy.

(b) Requests for waivers pursuant to FAR 25.402(b) shall be sent, with appropriate supporting rationale, through command contracting channels to HQ USAF/RDCL.

25.403 Exceptions.

(d) Requests for exclusion with appropriate supporting rationale shall be sent through command contracting channels to HQ USAF/RDCL.

25.405 Procedures.

(c) The name of the impartial witness shall be recorded on the abstract. This applies only to negotiated purchases which are covered by FAR Subpart 25.4.

25.407 Solicitation provision and contract clause.

(a) If a solicitation for a listed product does not initially include the certificate at FAR 52.225-8 and the clause at FAR 52.225-9, and an offer of a designated country end product is received in excess of the dollar threshold specified in FAR Subpart 25.4 the offer shall be evaluated as if the certificate and clause had been included and any resulting contract for the designated country end product shall include the clause.

(b) Any challenge by an offeror to a certificate under FAR Subpart 25.4 shall be referred to the following address:

Chief, Entry Licensing and Restricted Merchandise Branch
Office of Regulation and Ruling
1301 Constitution Avenue, N.W.
Washington, D.C. 20229

PART 25--FOREIGN ACQUISITION

SUBPART 25.6--CUSTOMS AND DUTIES

25.690 Non-Canadian foreign source contracts.

(a) For all Air Force prime contracts, the PCO shall furnish the following information (or copy of contract or purchase order) covering material produced outside the United States to the appropriate organization listed in DOD FAR Sup 25.603(a)(70):

(1) Contract or purchase order number.

(2) Name and address of contractor.

(3) Name and address of consignee.

(4) Statement that materials are entitled to duty-free entry and that the foreign supplier has been instructed to include such information on the bill of lading (or other documents) as prescribed in "Duty-Free Entry" clause.

(b)(1) For Air Force subcontracts administered by the Air Force, the ACO will require the prime contractor or subcontractor to furnish the ACO a copy of each subcontract or purchase order covering materials to be procured outside the United States. The ACO shall furnish the following information to the appropriate organization listed in DOD FAR Sup 25.603(a)(70):

(i) Prime contract number.

(ii) Name and address of prime contract.

(iii) Subcontract or purchase order number.

(iv) Name and address of subcontractor or vendor.

(v) Statement that material(s) are entitled to duty-free entry and that the contractor has been instructed to notify the foreign supplier to include such information on the bill of lading (or other documents) as prescribed in "Duty-Free Entry" clause.

(2) For contracts administered by DCAS, the procedures of that Agency shall be followed.

PART 25--FOREIGN ACQUISITION

SUBPART 25.7--RESTRICTIONS ON CERTAIN FOREIGN PURCHASES

25.703 Exceptions.

(a) See 25.102(a)(4).

(b) The contracting officer shall prepare three copies of a request for exception which shall include information of the type listed in 25.102(a) and forward them through command channels to HQ USAF/RDCL for submission to the Secretary for approval.

PART 25--FOREIGN ACQUISITION

SUBPART 25.70--APPROPRIATIONS ACT RESTRICTIONS

25.7002 Restriction.

(a) Exceptions. By Secretary of the Air Force Order Number 658.1, effective 27 April 1983, the Secretary has delegated the authority to make the determination required by DOD FAR Sup 25.7002(a)(9) to the Heads of Contracting Activities (HCAs). This authority is not redelegable. An information copy of each such determination shall be forwarded to HQ USAF/RDCL.

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PART 25--FOREIGN ACQUISITION

SUBPART 25.71--CANADIAN PURCHASES

25.7104 Procedures for Canadian purchases.

(a) Bidding procedures.

(1) Solicitation of Canadian firms. (i) To carry out the President's mandate that full advantage be taken of the scientific talents of friendly countries through a mutual sharing of scientific and technical information, a program for closer collaboration with Canada in research and development has been adopted. This program together with the provisions of certain bilateral agreements between Canada and the United States, has made it desirable to specifically state Air Force contracting and development policies as they relate to Canada.

(ii) It is Air Force policy to consider for solicitation qualified Canadian sources on an equal basis with qualified United States sources for the placement of research and development contracts. Such solicitation shall include areas that may be agreed upon from time-to-time when it is evident that mutual benefit will accrue.

(iii) Solicitation for the placement of such contracts should be made at a point in the research and development cycle at which the Air Force has an approved technical requirement necessitating the establishment of a research and development project, which is normally assigned to and monitored by an AFSC division.

25.7104-90 Research contracts with Canadian educational institutions.

The Canadian Government, through the Defence Research Board of Canada, has requested that all research contracts contemplated with educational institutions of Canada be cleared through a central point to prevent United States agencies from duplicating support of research projects already supported by Canadian Government agencies. Accordingly, the following procedure shall govern in the placement of research contracts with Canadian educational institutions.

(a) Unclassified requests for proposal shall be forwarded directly to the institution, provided two copies are forwarded concurrently to the Defence Research Member (DRM), Canadian Joint Staff, 2450 Massachusetts Avenue, N.W., Washington, D.C. 20008. Unless the DRM advises that the proposed institution is not in a position to undertake the research, contracting action will proceed in a normal manner.

(b) Unsolicited research proposals received from Canadian institutions involving basic research shall be forwarded to the

Research Operations Office, Air Force Office of Scientific Research, AFOSR/XO, Building 410, Bolling AFB, Washington D.C. 20330. Those involving exploratory development, advance engineering, or advance development shall be forwarded to the Directorate of Systems Support Contracts, HQ AFSC (AFSC/PMP).

(c) Unclassified research contracts awarded to Canadian educational institutions shall be forwarded directly to the institution, provided one copy is forwarded concurrently to the DRM and one copy concurrently to the Chairman, Defence Research Board, National Defence Headquarters, Ottawa, Ontario, Canada KIA OK2. Unless the institution is advised to the contrary by the DRM, the contract shall be executed. Subsequent to the execution for the U.S. Government, the contracting officer shall notify the Defence Research Member, Washington, D.C. of the date of award.

(d) Requests for proposals involving United States classified defense information shall be forwarded to the Scientific and Technical Liaison Division, (HQ AFSC/OLXL), Andrews AFB, D.C. 20334.

PART 25--FOREIGN ACQUISITION

SUBPART 25.76--USE OF U.S.-OWNED FOREIGN CURRENCY FOR PAYMENTS

25.7604 Awards.

(c) Awards requiring approval by higher authority.

(3) Requests for determination shall be forwarded directly by the contracting officer to the Director of Contracting and Manufacturing Policy, HQ USAF/RDC. The contracting officer shall forward an information copy of each request to the principal staff officer responsible for contracting within the cognizant major commands.

PART 25--FOREIGN ACQUISITION

SUBPART 25.90--CONTRACTING SERVICES FOR THE FEDERAL REPUBLIC OF GERMANY

25.9000 Scope of part.

This part prescribes Air Force policies and procedures for providing contracting services to the Government of the Federal Republic of Germany (FRG) for nonstandard military items.

25.9001 Definitions.

"Nonstandard military item" means an item which is currently not in stock, on order, or being acquired or produced for the armed forces of the United States.

"Contracting services" means the purchase, processing, financing, and delivery of nonstandard military items for the FRG.

25.9002 Cooperative U.S.-FRG logistics system.

Based on principles expressed in previous Mutual Defense Assistance Agreements, and as part of a broad cooperative U.S.-FRG logistics system, the U.S. Government has agreed to provide contracting services to the FRG. These services involve the purchase of certain articles and services which were not acquired before under the previous Agreements, and which are not standard military items but are directly related to or essential for the operational capability of the armed forces of the FRG.

25.9003 Sources.

(a) Contracts for nonstandard military items shall be limited to domestic source end products. When the FRG designates sources that can provide domestic source or U.S. end products, the contracting officer shall negotiate only with the designated source.

(b) The contract file shall be documented with a finding and determination signed by the contracting officer stating that the FRG has designated the source and, therefore, it is impractical to obtain competition. No further authorization to negotiate with the selected source will be required. When, in the opinion of the contracting officer, negotiations with only the selected sources result in unreasonable prices or unfair terms and conditions, the FRG shall be so advised and requested to verify whether negotiations should be conducted with only the designated sources. Such notification to the FRG shall include a statement as to whether there are additional known sources. In no event shall contracts be awarded at other than prices which are determined to be reasonable.

25.9004 Procedures.

(a) Contracts for nonstandard military items shall be made under the authority of the Foreign Assistance Act of 1961 (P.L. 87-195) and shall cite the applicable trust fund expenditure account "Advances, Mutual Security Act, Executive (Transfers to AF 57-11X8242 insert three letter case designator such as LRQ, MNX, and so forth.)"

(b) The contracting officer shall include in each solicitation and contract the applicable provisions and clauses of the FAR, DOD FAR Supplement, and this Supplement.

(c) Manufacturers' specifications and warranties apply to items not covered by U.S. Government specifications unless the FRG requests other specifications, qualifications, and warranties. If the specifications and warranties of the manufacturer are considered inadequate, they may be supplemented by the contracting activity after consultation with the FRG. Questions relating to supplementary specifications and warranties shall be referred to AF/RDCS.

(d) Upon acceptance of the end items, title will pass directly from the contractor to the FRG and the contract shall include a clause to that effect.

TABLE OF CONTENTS

PART 28--BONDS AND INSURANCE

SUBPART 28.1--BONDS

Paragraph	Title	Page
28.103	Performance and payment bonds for other than construction contracts.	28.1-1
28.103-1	General.	28.1-1
28.104	Annual performance bonds.	28.1-1
28.106	Administration.	28.1-2
28.106-70	Review of bonds and notification of surety.	28.1-2
28.190	Bid guarantees for supply contracts.	28.1-2

SUBPART 28.70--INDEMNIFICATION

Paragraph	Title	Page
28.7000	General.	28.70-1

PART 28--BONDS AND INSURANCE

SUBPART 28.1--BONDS

.103 Performance and payment bonds for other than construction contracts.

.103-1 General.

The determination to use performance and payment bonds shall be made sed upon careful consideration of the merits of each situation. The etermination to require bonds in base level nonconstruction services ntracts shall be approved by the Chief or Deputy Chief of the Base ntracting Office. Areas of consideration in establishing bonding quirements are as follows:

(a) Rates sureties/insurance companies charge for bonds are based the full contract price, not a percentage thereof. Thus, when quiring bonds, the amount shall not be specified as a percentage of e contract price.

(b) Rates charged for a specific penal sum are considerably higher an rates charged based on contract price. Thus, unless the ditional cost can be justified, a particular penal sum shall not be pecified.

(c) Payment bonds are normally incorporated in performance bonds. us, separate payment bonds need not be requested.

(d) Added bonding coverage does not automatically occur when ptions to extend the period of performance are exercised. Thus, if onds remain appropriate, the contracting officer shall verify the istence of the bond.

(e) Insurance companies executing bonds using a limited power of ttorney shall submit evidence with the bond to show that the ttorney, in fact, has complied with the limitation. These powers of ttorney generally apply to bonds with a Small Business Administration SBA) guarantee indemnification. The SBA Form 990, Guarantee greement, is acceptable evidence. Marking Block 14b of AF Form 3012, ntract Bonds Checklist, will indicate that the proper forms have en received and reviewed.

.104 Annual performance bonds.

All annual performance bonds for contracts other than construction ntracts shall be submitted in duplicate to HQ AFLC/JAN for review, proval, and subsequent filing of the original with the original ntract. Use Standard Form 35, Annual Performance Bond. Such bonds e not authorized without prior approval of HQ AFLC/JAN.

28.106 Administration.

28.106-70 Review of bonds and notification of surety.

All performance and payment bonds (except annual bonds, see 28.104 and 28.190) and all consents of surety shall be reviewed by the contracting officer using AF Form 3012, Contract Bonds Checklist. When doubt of legal sufficiency exists, obtain the advice of the staff judge advocate serving the facility. The contracting officer shall include a copy of all applicable bonds and consents of surety in the contract file.

28.190 Bid guarantees for supply contracts.

All annual bid guarantees shall be submitted in duplicate to HQ AFLC/JAN for review, approval, and subsequent filing of the original with the original contract. When a contractor indicates in its bid that it has an annual bid bond on file, verification may be obtained from HQ AFLC/JAN.

PART 28--BONDS AND INSURANCE

SUBPART 28.70--INDEMNIFICATION

28.7000 General.

(a) The Secretary of the Air Force by Secretary of the Air Force Order 640.14, effective 1 July 1983, delegated authority to approve requests for indemnification under 10 U.S.C. 2354 to the following:

(1) The Deputy Chief of Staff and Assistant Deputy Chief of Staff/Contracting and Manufacturing, Headquarters, Air Force Systems Command. This delegation shall include authority to approve appropriate definitions of specific "unusually hazardous risks" under 10 U.S.C. 2354 and DOD FAR Sup Subpart 28.70.

(2) The Director or Deputy Director of Contracting and Manufacturing of the Ballistic Missile Office, Space Division, and Aeronautical Systems Division of Air Force Systems Command. This delegation shall be subject to the authority of the Deputy Chief of Staff and Assistant Deputy Chief of Staff/Contracting and Manufacturing, Air Force Systems Command to issue appropriate instructions and to approve definitions of specific "unusually hazardous risks."

(b) Furnish HQ USAF/RDCM an information copy of each approval to indemnify the contractor against unusually hazardous risks under the provisions of 10 U.S.C. 2354. If applicable, forward approvals to use definitions of specific "unusually hazardous risks."

TABLE OF CONTENTS

PART 29--TAXES

SUBPART 29.1--GENERAL

Paragraph	Title	Page
29.101	Resolving tax problems.	29.1-1

SUBPART 29.2--FEDERAL EXCISE TAXES

Paragraph	Title	Page
29.202	General exemptions.	29.2-1
29.202-90	Preparation and execution of exemption certificates.	29.2-1

SUBPART 29.3--STATE AND LOCAL TAXES

Paragraph	Title	Page
29.302	Application of state and local taxes to the government.	29.3-1
29.304	Matters requiring special consideration.	29.3-1
29.390	New York State sales and use tax, fixed-price construction contracts.	29.3-2
29.391	Montana "Public Contractors" licenses fees.	29.3-2

PART 29--TAXES

SUBPART 29.1--GENERAL

29.101 Resolving tax problems.

Advice or guidance not available locally or at command headquarters may be obtained from the Office of the General Counsel, Department of the Air Force. Inquiries shall be forwarded through command channels and coordinated by the staff judge advocates both locally and at the major command.

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PART 29--TAXES

SUBPART 29.2--FEDERAL EXCISE TAXES

29.202 General exemptions.

(b) The Certificate of Export shall be furnished by the contracting officer to the contractor. The responsible officer at the port of embarkation shall furnish the contracting officer with a statement as to where the copies of export bills of lading or loading manifests are retained and their numbers.

29.202-90 Preparation and execution of exemption certificates.

(a) In accordance with the requirements of the taxing jurisdiction, include a description of the supplies, the quantity, and the price in the exemption certificate. Number the certificates and keep a record of each one issued, showing to whom issued, the number of the applicable contract, the type of supplies involved and, when applicable, the period covered by the certificate. Such records shall be retained and disposed of with the contract file to which they pertain.

(b) Separate exemption certificates will normally be issued for each contract or purchase. If this is impractical, as when numerous orders are likely to be placed with a single contractor over a given period, a blanket exemption certificate may be issued. Blanket exemption cetificates will not ordinarily be written for more than a 12-month period or the term of a single contract, whichever is later.

PART 29--TAXES

SUBPART 29.3--STATE AND LOCAL TAXES

29.302 Application of state and local taxes to the government.

(b) If for any reason it is impossible to exclude state or local taxes from the contract price, even though the federal government is immune from such taxation for the purchase or lease of the items involved, the contracting officer shall prepare a SF 1094 and forward it, along with a written statement of the facts, to the accounting and finance office for use in obtaining a refund of the tax. The serial number of the tax exemption certificate shall be shown on the payment vouchers. (See also Subpart 29.2.)

29.304 Matters requiring special consideration.

Requests for approval of clauses providing for special treatment of federal, state, or local taxes shall be forwarded to the Office of the General Counsel of the Air Force through the cognizant staff judge advocate of the contracting activity. The following information shall be supplied:

(a) Type of contract.

(b) Type of standard tax clause included.

(c) Information as to whether the contract was advertised or negotiated.

(d) The type of tax involved and basis for requesting the special treatment.

(e) A copy of the verification from the contractor that the taxes were excluded from price if the clause provides for tax exclusion.

(f) A copy of the proposed special provision for federal, state, or local tax.

(g) A comprehensive memorandum of law, prepared by the staff judge advocate, discussing the factual background and all legal issues involved in the request for approval of the special tax clause. If the contractor has a matter in dispute with the taxing jurisdiction which is the basis for the request, both the contractor's and the taxing jurisdiction's legal position shall be fully examined in the staff judge advocate's memorandum of law. Under no circumstances will a special tax clause provide for the recovery of penalty and interest unless the penalty and interest are incurred as a result of the contracting officer's written direction not to pay the tax (See FAR 31.205-41(c)).

29.390 New York State sales and use tax, fixed-price construction contracts.

(a) Effective 1 September 1974, fixed-price construction contractors (prime or sub) may purchase materials exempt from New York Sales and Use Tax for resale to the government or incorporation into government-owned real property. Use of the clause at 52.229-9000 will assure that bidders do not include inapplicable New York Sales or Use Taxes in their bids on fixed-price contracts for repairs or construction of real property.

(b) Under a cost-type or time-and-materials contract, title to direct materials vests in the government prior to use or consumption by the contractor. The government's acquisition of title shall therefore be treated as an exempt retail sale of such materials, whether or not physically incorporated into the construction. Under such contracts, neither the contractor's purchase of direct materials nor the sale of the construction to the government, whether in the nature of repairs or capital improvements, would be taxable.

(c) Contractor purchases of tangible personal property which do not become part of government-owned real property are subject to tax, such as construction machinery, contractor's office supplies and similar items purchased for use by the contractor but not incorporated into the realty.

(d) Contractors who have included New York Sales and Use Taxes on incorporated materials in contracts for construction or repair entered into after 1 September 1974 shall be requested to seek refunds of such taxes under the provisions of New York law and regulations. The proceeds of said refunds less any expenses incurred in obtaining same, shall be paid over to the government or credited to the contract as directed by the contracting officer.

29.391 Montana "Public Contractors" licenses fees.

(a) Montana law ("Licenses--Public Contractors," Title 84, Chapter 35, Revised Codes of Montana, 1947, as amended) requires that each "public contractor" --

(1) Obtain a license from the state in order to submit a proposal to, or enter into a contract for performing all public construction work in the state with the federal government, the State of Montana or any agency thereof, or with any political subdivision of the state or any agency thereof. The fee for the license depends upon the value of the public contract project, the maximum annual license fee being $200; and

(2) Pay an additional license fee in a sum equal to one percent of the gross receipts from public contracts. The term "gross receipts" is defined to include all receipts from engaging

in public construction work, without deduction on account of the cost of the property sold, the cost of the materials used, labor or service cost, interest paid, taxes, losses, or any other expense whatsoever.

(b) This law is considered invalid for the reasons set forth in the clause at 52.229-9001. This clause shall, until further notice, be used in all construction contracts in amounts of $1,000 or more to be performed in Montana.

(c) Facts surrounding the payment by Air Force contractors of the Montana License Fees shall be forwarded to HQ USAF/JACL, Washington, D.C. 20314.

TABLE OF CONTENTS

PART 30--COST ACCOUNTING STANDARDS

SUBPART 30.1--GENERAL

Paragraph	Title	Page
30.190	Cost accounting standards (CAS) problems.	30.1-1

PART 30--COST ACCOUNTING STANDARDS

SUBPART 30.1--GENERAL

30.190 Cost accounting standards (CAS) problems.

CAS problems that arise in the field, should be resolved at the lowest appropriate level. When problems require action by higher management levels, they shall be forwarded expeditiously through command contracting channels for resolution. If a CAS policy issue requires the formal involvement of HQ USAF or SAF, the Office of the Secretary of Defense, the issue shall be brought to the attention of HQ USAF/RDCP through command contracting channels. HQ USAF/RDCP shall evaluate the issue and do one of the following:

(a) Resolve the issue within HQ USAF.

(b) Turn the issue back to the initiating major command or separate operating agency for resolution.

(c) Forward the issue to the appropriate organization for resolution.

TABLE OF CONTENTS

PART 32--CONTRACT FINANCING

SUBPART 32.1--GENERAL

Paragraph	Title	Page
32.104	Providing contract financing.	32.1-1
32.108	Financial consultation.	32.1-1
32.175	Interpretations.	32.1-2

SUBPART 32.3--LOAN GUARANTEES FOR DEFENSE PRODUCTION

Paragraph	Title	Page
32.303	General.	32.3-1
32.304	Procedures.	32.3-1
32.304-1	Application for guarantee.	32.3-1
32.304-2	Certificate of eligibility.	32.3-1

SUBPART 32.4--ADVANCE PAYMENTS

Paragraph	Title	Page
32.409	Contracting officer action.	32.4-1
32.471	Pooled advance payments.	32.4-1
32.471-90	Advance payment pool agreements - educational and research institutions.	32.4-1
32.471-91	Initiating request, obtaining approval, and executing agreement.	32.4-2
32.471-92	Administration of agreements.	32.4-4
32.471-93	Format for findings, determinations, and authorization for advance payments.	32.4-5
32.471-94	Format for advance payment pool agreement.	32.4-6

SUBPART 32.5--PROGRESS PAYMENTS BASED ON COSTS

Paragraph	Title	Page
32.501	General.	32.5-1
32.501-2	Unusual progress payments.	32.5-1
32.501-3	Contract price.	32.5-1
32.502	Preaward matters.	32.5-1
32.502-2	Contract finance office clearance.	32.5-1

SUBPART 32.6--CONTRACT DEBTS

Paragraph	Title	Page
32.610	Demand for payment of contract debt.	32.6-1
32.613	Deferment of collection.	32.6-1
32.670	Transfer of responsibility for debt collection.	32.6-1

SUBPART 32.7--CONTRACT FUNDING

Paragraph	Title	Page
32.703	Contract funding requirements.	32.7-1
32.703-2	Contracts conditioned upon availability of funds.	32.7-1
32.790	Base contracting funding procedures.	32.7-1

PART 32--CONTRACT FINANCING

SUBPART 32.1--GENERAL

32.104 Providing contract financing.

(a) The PCO shall promptly report known adverse developments through command contracting channels to HQ AFSC/PMM.

(b) HQ AFSC/PMM will explore the matter fully and take the appropriate action within the limits of its authority. If the adverse development involves a contractor or subcontractor having a bank loan guaranteed by the Air Force, progress payments, or an advance payment, HQ AFSC/PMM shall describe the adverse development fully, its expected impact upon continued satisfactory performance under the contract, and remedial actions taken to date. These descriptions shall be provided together with recommended additional actions by higher authority to HQ USAF/RDCP.

32.108 Financial consultation.

(a) If an exceptional case arises, the PCO shall submit the fully documented files through command contracting channels to the Director of Contract Management, DCS/Contracting and Manufacturing, HQ AFSC/PMM. If HQ AFSC/PMM determines that approval is required by higher authority at HQ USAF, the matter shall be submitted to HQ USAF/RDCP with a memorandum outlining the pertinent facts together with a recommendation on the action to be taken. All proposed contract financing arrangements requiring Air Force Secretarial or higher level approval, in accordance with the governing provisions of FAR Part 32, shall be promptly forwarded tc HQ USAF/RDCP and no later than 30 days before the effective date of the proposed financing arrangement.

(b) By the close of every fiscal quarter, each major command shall provide HQ USAF/RDCP a quarterly projection of all anticipated contract financing arrangements which may require Air Force Secretarial or higher level approval. These projections shall include--

(1) The name of the buying activity;

(2) The anticipated month of submittal;

(3) The program;

(4) The type of financing contemplated; and

(5) Any anticipated requests for deviations under DOD FAR Sup Part 32. Negative reports are not required.

32.175 Interpretations.

Questions regarding interpretations or application of these regulations and clauses shall be submitted through command contracting channels to HQ AFSC/PMM. The contracting officer shall submit a memorandum outlining the pertinent facts and recommended action to HQ AFSC/PMM who shall submit it to HQ USAF/RDCP.

PART 32--CONTRACT FINANCING

SUBPART 32.3--LOAN GUARANTEES FOR DEFENSE PRODUCTION

32.303 General.

(g) The Director of Contracting and Manufacturing Policy, HQ USAF/RDC has delegated the authority to issue certificates of eligibility to the Commander, HQ AFSC, with power of redelegation not below the level of the Director or Deputy Director of Contract Management, Deputy Chief of Staff Contracting and Manufacturing, HQ AFSC/PMM. The Commander, HQ AFSC has made the redelegation.

32.304 Procedures.

32.304-1 Application for guarantee.

Upon receipt of an application and supporting data for a guaranteed loan from the Federal Reserve Bank, HQ AFSC/PMM shall notify the AFPRO or the cognizant defense contract administration service region (DCASR). The AFPRO or DCASR shall be requested to analyze the contractor's balance sheet and operating statement. Special attention shall be given to the classification and evaluation of accounts to assure that they are presented according to generally accepted accounting principles with emphasis on accounts receivable, inventories, and deferred charges. The AFPRO or DCASR shall be requested to furnish the supporting data on a priority basis, normally within five workdays.

32.304-2 Certificate of eligibility.

(a) Certificates covering Air Force contracts may be requested by the Deputy for Banking and Contract Financing, Office of the Assistant Secretary of the Air Force (Financial Management), SAF/FMB, or the Contract Finance Offices of the Department of the Army, Navy, or Defense Logistics Agency. Requests for certificates shall be directed to HQ USAF/RDCP for forwarding to the Director of Contract Management, Deputy Chief of Staff/Contracting and Manufacturing, HQ AFSC/PMM who shall immediately collect and evaluate the necessary supporting data.

(b) All contracting activities shall furnish the required supporting data on a priority basis (normally within five working days).

(c) HQ AFSC/PMM shall evaluate the data and perform the necessary financial analysis and submit recommendations with supporting documentation to HQ USAF/RDCP for concurrence.

(d) HQ USAF/RDCP shall evaluate all supporting data and shall furnish appropriate comments to the requester of the certificate.

PART 32--CONTRACT FINANCING

SUBPART 32.4--ADVANCE PAYMENTS

32.409 Contracting officer action.

(a) The contracting officer shall promptly submit advance payment requests from commercial organizations (four copies of the complete file) to HQ AFSC/PMM.

(b) Requests from educational and research institutions for advance payment arrangements shall be promptly forwarded by the contracting officer to the Director of Contracts, Air Force Office of Scientific Research (AFOSR/PK), located at Bolling AFB, Washington, D.C. 20332. Such requests shall be processed using the procedures prescribed in 32.471-90.

32.471 Pooled advance payments.

32.471-90 Advance payment pool agreements - educational and research institutions.

(a) The authority and requirements for approval of an advance payment pool agreement are the same as for a single contract.

(b) The Air Force shall establish advance payment pool agreements with only those institutions in which the Air Force has the largest dollar volume percentage of defense contracts to be covered by the agreement.

(c) When advance payment financing of an institution's contracts has been authorized and an advance payment pool agreement covering all military departments' contracts has been executed, advance payment provisions applicable to all covered contracts shall be incorporated in the institution's basic agreement (see FAR 16.702).

(d) When an advance payment pool agreement is entered into by the Air Force, disbursing responsibility for all Air Force contracts in the pool shall be transferred to a single disbursing office.

(e) New contracts awarded to institutions which have an advance payment pool agreement shall also be included in the existing agreement. If an existing advance payment pool agreement covers the contracts of other military departments, the provisions of such an agreement shall be included by reference in the basic agreement executed between the government and the institution. Normally, the contracting officer will provide advance payment by citing the basic agreement in the newly awarded contracts.

(f) When contracts are awarded to institutions with advance payment pool agreements covering only Air Force contracts (and the institution has contracts with other military departments) or the institution has not signed a basic agreement, the new contracts cannot be included in the advance payment pool agreement through the basic agreement mechanism. Prior clearances shall be obtained from AFOSR/PK before including contracts in an advance payment pool agreement. Requests for clearance shall identify originating office, name of institution, contracting officer, adjustment of funding by supplemental agreement/amendment, incremental funding, duration and end-date of contract, type of services/supplies to be delivered, type of contract, contract number, and proposed paying Accounting and Finance Office.

32.471-91 Initiating request, obtaining approval, and executing agreement.

(a) Educational and research institutions desiring an advance payment pool agreement shall submit their request to the contracting officer. The documentation supplied by the institution to justify an advance payment pool agreement shall include the following:

(1) Letter of request accompanied by the amount proposed for the advance payment pool limitation.

(2) Schedule of contracts to be covered by the agreement with the following information for each contract:

(i) Contract number.

(ii) Contract price.

(iii) Period of performance.

(iv) Government buying office.

(v) Designated government contract administration office.

(vi) Designated government paying office.

(3) Cash flow statement which illustrates cash expenditure requirement on a contract-by-contract basis for the ensuing 12 months, using the following columnar headings:

(i) Column A - Contract Number

(ii) Column B - Contract Expense Incurred To Date

(iii) Column C - Estimated Contract Expense To Be Incurred

(iv) Columns D through O - Contract Expense Forecast (for each of the next 12 months).

(4) Any other information which would demonstrate the need for an advance payment pool agreement.

(b) The contracting officer shall review the institution's request and supporting documentation and, within seven days from receipt, forward the request to AFOSR/PK.

(c) Within 15 days from receipt of the request, AFOSR/PK shall complete its review of the justification for completeness and general compliance with the provisions of FAR 32.408 and 32.409-1(c) through (h). When satisfied that the requirements have been met, AFOSR/PK shall forward the request and other related documentation to AFAFC/TCB with copies to HQ USAF/RDCP and SAF/FMB.

(d) The administering office, disbursing office, and approving office designated in the advance payment pool agreement shall perform the following responsibilities:

(1) Administering Office - A contract administration office shall be responsible for the overall administration of provisions under the advance payment pool agreement. Specific duties include--

(i) Obtaining repayment of unliquidated advance payments in excess of requirements or advance payment pool limit, when advised of such excess by the approving office;

(ii) Administering default and insurance provisions; and

(iii) Periodically determining status of all contracts covered by the advance payment pool agreement, whether incorporated through a basic agreement, or separate contract clause.

(2) Disbursing Office - An Air Force accounting and finance office shall be responsible for the disbursing functions of the advance payment pool agreement. Because of the importance of cash flow to an institution, the disbursing office should be located as close as practicable to the institution. Specific duties include--

(i) Advancing funds to the institution.

(ii) Ensuring that funds advanced do not exceed the advance payment pool limitation or the combined unpaid price of covered designated pool contracts;

(iii) Maintaining accounting control over funds advanced, amounts liquidated, and unliquidated balances; and

(iv) Receiving invoices from the institution and liquidating them against outstanding advance payments.

(3) Approving Office - A contract administration office shall be responsible for approving advance payment requests from the institution. Specific duties include--

(i) Receiving advance payment requests from the institution;

(ii) Ensuring that requests are properly supported and justified;

(iii) Approving advance payment requests; and

(iv) Ensuring that pool funds are used for intended purposes.

(e) AFAFC/TCB shall evaluate the request within 30 days of receipt to determine if the advance payment pool agreement is justified. Assistance may be solicited from other sources such as contracting officers, auditors, disbursing officers and, if necessary, field visits to the institution. AFAFC/TCB is responsible for--

(1) Ensuring that the institution has adequate procedures and internal controls over cash disbursements;

(2) Validating cash flow projections;

(3) Determining amount to be authorized for advance payment pool limit, giving full consideration to reimbursement cycles and needed cash management procedures;

(4) Preparing Findings, Determinations, and Authorizations in the form described in 32.471-93; and

(5) Preparing advance payment pool agreement in the format described in 32.471-94. AFAFC/TCB's review and corresponding recommendations shall be forwarded to SAF/FMB through HQ USAF/AC, with coordination from HQ USAF/RD and SAF/GC.

(f) SAF/FMB shall approve and forward the Findings, Determinations and Authorization for advance payments and the advance payment pool agreement to AFOSR/PK.

(g) AFOSR/PK shall take the necessary action to incorporate the advance payment pool agreement into affected contracts and basic agreements. AFOSR/PK shall also ensure that the clause at DOD FAR Sup 52.232-7001 is inserted in each contract covered by the advance payment pool agreement.

(h) The contracting officer shall amend affected contracts, as appropriate, in order to incorporate the advance payment pool agreement.

32.471-92 Administration of agreements.

(a) AFOSR/PK shall establish internal controls for the overall administration of advance payment pool agreements established by the Air Force. As a minimum, these procedures shall provide for--

(1) Informing the military department contract financing officers, HQ AFSC/PM, Office of Naval Research, DCAA, and other interested officials of the establishment, modification, or cancellation of advance payment pool agreements;

(2) Initiating action to transfer administrative responsibility for advance payment pool agreements when the Air Force no longer has the largest dollar volume percentage of defense contracts covered by the agreement; and

(3) Initiating action to modify or cancel advance payment pool agreements when circumstances dictate.

(b) AFAFC/TCB shall establish internal procedures for the accounting and internal control over advance payments made to institutions by the Air Force accounting and finance offices which perform duties of disbursing office. AFAFC/TCB shall perform re-evaluation of advance payment pool limitations and recommend adjustments, when necessary, using the procedures in 32.471-91.

32.471-93 Format for findings, determinations, and authorization for advance payments.

The following format should be used as a guide in preparing the Findings, Determinations, and Authorization for advance payments for SAF/FMB signature:

FINDINGS, DETERMINATIONS, AND AUTHORIZATION FOR ADVANCE PAYMENTS

FINDINGS

1. I hereby find that:

a. The Department of the Air Force and the (institution), a nonprofit institution, have entered into negotiated contracts. The Air Force and this institution propose to enter into an Advance Payment Pool Agreement to provide working capital required to perform these contracts. These contracts are nonprofit, cost-type contracts for research and development work. Under the pool agreement, the Air Force shall provide advance payments for the contracts.

b. Advance payments in an amount not to exceed $(pool limitation) at any time outstanding, are required by the institution in order to perform under the contracts. Such amount does not exceed the unpaid contract prices nor the estimated interim cash needs arising during the reimbursement cycle.

c. The advance payments are necessary for prompt and efficient performance of the contracts, which will be of benefit to the government.

d. The U.S. Treasury's cash management policy provides for making advance payments using methods whereby the cash withdrawals from the Treasury are minimized. The proposed advance payment pool agreement, of which a copy is annexed hereto, provides for advance payments made to coincide with the disbursements for contract performance by the institution. This idle cash balances that would otherwise be incurred with a special bank account and reduce the reimbursement cycle, thereby also minimizing the cash withdrawals from the U.S. Treasury.

e. The Agreement, which will be made applicable to the contracts thereunder by insertion of appropriate clauses making reference to the Agreement, contains appropriate provisions for the protection of the Government, as security for the advance payments. These include provisions that the outstanding advance be liquidated from cost reimbursements as they occur. Such security is deemed adequate.

f. The making of the proposed advance payments will facilitate furtherance of the Government's expressed objective to strengthen the research capabilities of educational and nonprofit research institutions.

DETERMINATIONS

2. Upon the basis of the foregoing findings, I hereby determine that the making of the advance payments without interest except as provided by the advance payment pool agreement is in the public interest.

AUTHORIZATION

3. Such advance payments of which the amount, at any one time outstanding, shall not exceed $(pool limitation) are hereby authorized pursuant to 10 U.S.C. 2307, upon terms and conditions substantially as contained in the proposed advance payment pool agreement of which a copy is annexed hereto.

32.471-94 Format for advance payment pool agreement.

The following format should be used as a guide for preparing advance payment pool agreements:

ADVANCE PAYMENT POOL AGREEMENT

This Agreement is entered into by and between the United States of America (hereinafter called the "Government") represented by the Contracting Officer executing this Agreement, and (institution) (hereinafter called the "Contractor"), a nonprofit educational institution having its principal office in (address).

WHEREAS, the Contractor is now and may hereafter become a party to contracts, including amendments issued thereunder, with the Government for research and development work;

WHEREAS, it is contemplated that all or part of such contracts will be financed by means of advance payments made by the Government;

WHEREAS, it is deemed desirable to consolidate the provisions governing such financing by this pool agreement and by inserting in the contracts appropriate reference to this Agreement, and by such reference to incorporate therein the provisions of this Agreement (all contracts containing such reference being hereinafter called "pool contracts").

AND WHEREAS, the necessary findings have been made that this Agreement is in the public interest and that this Agreement is authorized pursuant to Title 10 U.S. Code 2307.

NOW THEREFORE, pursuant to such authority, and in consideration of the foregoing and other good and valuable consideration, it is mutually agreed that:

(a) Pool Contracts. The several cost-reimbursement research and development (no fee) type contracts between the Department of Defense and the Contractor and any amendments or supplements thereto, heretofore or hereafter made, together with any contracts of the said type thereafter entered into and made subject to this pool agreement are pool contracts." All Air Force contracts made subject to this Agreement will be "designated pool contracts." The distinction between pool contracts and designated pool contracts has been that the Government, for accounting purposes, allocates advance payments to and identifies them with certain "designated pool contracts."

(b) Amount of Advances. At the request of the Contractor and subject to the conditions hereinafter set forth, the Government shall make an advance payment, or advance payments from time-to-time to the Contractor under designated pool contracts covered by this Agreement. No advance payment shall be made (1) without the approval of the Approving Office (designated in paragraph (l)(4) hereof) as to the financial necessity therefor, (2) in an amount which together with all advance payments theretofore made and unliquidated shall exceed the amount stated in paragraph (l)(1) below or the aggregate of the total unpaid designated pool contracts' prices, whichever is the lesser, and (3) without a properly supported advance payment request.

(c) Use of Funds. The funds provided by this advance payment arrangement are to be used solely for the purpose of making payments for items of allowable costs as defined in contracts subject to this Agreement and to reimburse the Contractor for such items of allowable costs. Any interpretation required as to the proper use of funds shall be made in writing by the Administering Office.

(1) Funds advances under this Agreement shall be timed, to the maximum extent possible, to coincide with the Contractor's actual

disbursement requirements for pool contracts. Unless unusual circumstances exist, the advances will be paid to the Contractor on or about (dates or events) each month.

(2) The Contractor shall determine the estimated amount of advance payment(s) necessary to meet the requirements of paragraph (c) above entitled "Use of Funds" to cover performance of the pool contract(s). This determination shall be pursuant to written instructions provided by the Administering Office (see Designations and Determinations paragraph herein) relative to the (i) shortest practical period for which advance payments will be provided, (ii) format and frequency of requests for advance payments, and (iii) data required in support of each request. The estimate shall be adjusted for the amount by which actual cash expenditures for prior period performance of the pool contract(s) exceeded or was less than the advance payments provided for such performance. The Contractor shall submit its estimate and supporting data in a request for advance payment(s) to the Approving Office (see Designations and Determinations paragraph herein). The request shall be submitted sufficiently early to permit review, approval, and disbursement of the required advance payment(s) by the time the funds are actually needed by the Contractor.

(3) The Approving Office shall review the Contractor's advance payment requirements to determine the reasonableness thereof, and if concurrence is given, the request shall be approved and the Disbursing Office designated (see Designations and Determinations paragraph herein) shall be notified by the Approving Office to make payment. If the Approving Office determines that the advance payment requested by the Contractor is in excess of cash requirements for performance of pool contract during the specified period of time, the Approving Office shall approve an amount based on such determination and notify the Disbursing Office of the reduced amount. Upon any such reduction, the Approving Office shall immediately notify the Administering Office for this advance payment pool agreement in writing, with a copy to the Contractor, of the amount requested, the amount approved, and the reasons for reduction. The Administering Office shall determine whether additional funds will be advanced to the Contractor.

(4) Upon notification of the approved request, the Disbursing Office shall draw a Treasury check payable to the Contractor for the amount authorized by the Approving Office and mail such check to the Contractor in time to be received on or about the date the funds are required for contract performance.

(d) Return of Funds. The Contractor may at any time repay all or any part of the funds advanced hereunder. Whenever so requested in writing by the Administering Office, the Contractor shall repay to the Government such part of the unliquidated balance of advance payments as shall, in the opinion of the Administering Office, be in excess of current requirements or in excess of the amount specified in paragraph (1)(1).

(e) Liquidation. The Contractor shall submit monthly cost reimbursement vouchers tothe appropriate Disbursing Office (Air Force, Army, or Navy) in accordance with the payment provisions of all pool contracts. Army and Navy Disbursing Offices shall make checks payable to dual payee, "Department of the Air Force or (institution) and forward to the Disbursing Office listed in paragraph (l)(3). This Disbursing Office shall first apply funds receivd to the reduction of interst due, if any circumstances have arisen entailing interest charges to the Contractor. Then the funds received shall be applied to reduce the outstanding and unliquidated advance payments. Any amounts due the Contractor in excess of the outstanding and unliquidated advance payments shall be paid to the Contractor. (This condition is unlikely to occur as long as advance payment financing is practiced.) If, upon completion of the pool contracts, there remain any outstanding unliquidated advance payments, the Contractor shall immediately pay the Govenrment, upon demand, the amount remaining unliquidated. In the event the Contractor fails to make payment within 30 days of the date of demand for such payment, interest at the rate established by the Treasury pursuant to Public Law 92-41 shall become due and payable from the date of demand.

(f) Interest.

(1) Charged. Advance payments made hereunder shall not bear itnerest except as provided in paragraphs (e) and (i) hereof. If requied, the Contractor shall pay interest to the Government upon the daily unliquidated balance of advancae payments made under this Agreement at the daily rtae specified in paragrahs (e) and (i). The interest shall be computed for the actual number of days involved, on the basis of a 365- or 366-day year as the case may be. In determining such balance, (i) charges on account of the advance payments to the Contractor shall be made as of the date of the checks therefor, and (ii) credits arising from deductions from payments to the Contractor shall be made as of the date of issue of the checks for such payments. The interest shall not be compounded.

(2) Earned. All interest earned by the Contractor on advance payments made hereunder shall be remitted monthly to the Government by check made payable to the Department of the Air Force and mailed to the Administering Office designated in paragraph (l)(2) hereof.

(g) Lien on Property Under Contract. Any and all advance payments made pursuant to the terms of this Agreement, together with any interest charges thereon, shall be secured, when made by a lien in favor of the Government, paramount to all other liens, upon the supplies or other things covered by the contracts subject to the terms of this Agreement and upon all material and other property acquired for or allocated to the performance of the contracts subject to the terms of this pool Agreement, except to the extent that the Government by virtue of any other provision of said contracts, or otherwise, shall have valid title to such supplies, materials, or other property as against other creditors of the Contractor. The Contractor shall identify by marking or segregating all property which is subject to a lien in favor of the Government by virtue of any provision of this Agreement in such a way as to indicate that it is subject to such lien and that it has been acquired for, or allocated, to the performance of the pool contracts. If for any reason such supplies, materials, or other property are not identified by marking or segregation, the Government shall be deemed to have a lien to the extent of the Government's interest under the contracts subject to the terms of this Agreement on any mass of property with which such supplies, materials, or other property are commingled. The Contractor shall maintain adequate accounting control over such property on its books and records. If at any time during the progress of the work on any contract it becomes necessary to deliver any item or items and materials upon which the Government has a lien as aforesaid to a third person, the Contractor shall notify such third person of the lien herein provided and shall obtain from such third person a receipt, in duplicate, acknowledging, inter alia, the existence of such lien. A copy of each receipt shall be delivered by the Contractor to the Contracting Officer. If any contract subject to the terms of this Agreement is terminated in whole or in part and the Contractor is authorized to sell or retain termination inventory acquired for or allocated to any contract subject to the terms of this Agreement, such sale or retention shall be made only if approved by the Contracting Officer, which approval shall constitute a release of the Government's lien hereunder to the extent that the proceeds of the sale, or the credit allowed for such retention on the Contractor's termination claim, is applied in reduction of advance payments then outstanding hereunder.

(h) Insurance. The Contractor represents and warrants that it is now maintaining with responsible insurance carriers (1) insurance upon its own plant and equipment against fire and other hazards to the extent that like properties are usually insured by other operating plants and properties of similar character in the same general locality, (2) adequate insurance against liability on account of damage to persons or property, and (3) adequate insurance under all applicable workmen's compensation laws. The Contractor agrees that, until the work under the contracts subject to the terms of this Agreement has been completed and all contracts subject to the terms of this Agreement has been completed and all advance payments made hereunder have been liquidated, it will (1) maintain such insurance, (2) maintain adequate insurance upon any materials, parts, assemblies, subassemblies, supplies, equipment, and other property acquired for or allocable to such contracts and subject to the Government lien hereunder, and (3) furnish such certificates with respect to its insurance as the Administering Office may from time-to-time require.

("i") Default Provisions. (1) Upon the happening of any of the following events of default, the Government, without limiting or waiving any rights which it may otherwise have, may, in its discretion, and upon written notice to the Contractor, withhold further payments on contracts subject to this Agreement:

(i) Termination of any contract subject to the terms of this Agreement by reason of default of the Contractor.

(ii) A finding by the Administering Office that the Contractor--

(A) Has failed to observe any of the covenants, conditions, or warranties contained in the Agreement or has failed to comply with any other material provisions of any contract subject to the terms of this Agreement;

(B) Has so failed to make progress, or is in such unsatisfactory financial condition as to endanger performance of the contracts subject to this Agreement;

(C) Has allocated inventory to any contract subject to the terms of this Agreement substantially exceeding reasonable requirements; or

(D) Is delinquent in payment of taxes or of the costs of performance of any contract subject to the terms of this Agreement in the ordinary course of business.

(iii) Appointment of a trustee, receiver or liquidator for all or a substantial part of the Contractor's property, or institution of bankruptcy, reorganization, arrangement, or liquidation proceedings by or against the Contractor.

(iv) Service of any writ of attachment, levy of execution, or commencement of garnishment proceedings with respect to any property upon which the Government has a lien.

(v) The commission of an act of bankruptcy.

(2) Upon the continuance of any such events of default for a period of 30 days after such written notice to the Contractor, the Government may, in its discretion, and without limiting any other rights which the Government may have, take the following additional actions as it may deem appropriate in the circumstances:

(i) Charge interest on advance payments outstanding during the period of any such default at the rate established by the Treasury pursuant to Public Law 92-41.

(ii) demand immediate repayment of the unliquidated balance of advance payments hereunder.

(iii) Take possession of and, with or without advertisement, sell at public sale at which the Government may be the purchaser, or at a private sale, all or any part of the property on which the Government has a lien under this Agreement and, after deducting any expenses incident to such sale, apply the net proceeds of such sale in reduction of the unliquidated balance of advance payments hereunder and in reduction of any other claims of the Government against the Contractor.

(j) Prohibition Against Assignment. Nothwithstanding any other provision of this Agreement or any provisions of any contract subject to the terms of this Agreement, the Contractor shall not transfer, pledge, or otherwise assign any interest therein, or any claim arising thereunder, to any party or parties, bank, trust company, or other financing institution.

(k) Information - Access to Records. The Contractor shall furnish to the Administering Office a signed or certified balance sheet and income statement monthly, or at such intervals as may be required, and such other information concerning the operation of the Contractor's business as may be requested. The Contractor shall afford to authorized representatives of the Government proper facilities for inspection and audit of the Contractor's books, records, and accounts.

("l") Designations and Determinations.

(1) Amount. The amount of advance payments at any time outstanding hereunder shall not exceed ($ pool limitation) or the aggregate of the total obligated unpaid designated pool contract prices, whichever is the lesser.

(2) Administering Office. The office administering advance payments is designated as the (name and address).

(3) Disbursing Office. The office making advance payments under this Agreement is designated as the (name and address).

(4) Approving Office. The office approving the Contractor's requests for advance payments under this Agreement is (name and address).

(m) Other Security. The terms of this Agreement shall be considered adequate security for advance payments hereunder, except that if at any time the Administering Office deems the security furnished by the Contractor to be inadequate, the Contractor shall furnish such additional security as may be satisfactory to the Administering Office.

(n) Representations and Warranties. To induce the making of the advance payments, the Contractor represents and warrants that--

(1) The financial statements, if any, heretofore furnished the Administering Office fairly reflect the financial condition of the

Contractor at the date shown on said financial statements and the results of the operations for the period covered thereby, and since said date there has been no materially adverse change in the financial condition of the Contractor;

(2) No litigation or proceedings are presently pending or threatened against the Contractor which are materially prejudicial to the Contractor's financial condition;

(3) The Contractor has no significant contingent liabilities not provided for or disclosed in the financial statements furnished to the Government;

(4) None of the provisions herein contravenes or is in conflict with the authority under which the Contractor is doing business or with the provisions of any existing indenture or agreement of the Contractor;

(5) The Contractor has the power to enter into this Agreement and accept advance payments hereunder, and has taken all necessary action to authorize such acceptance under the terms and conditions of this Agreement;

(6) None of the contracts subject to this Agreement are encumbered by any lien or encumbrance other than as set forth in this Agreement. There has been no assignment of claims under any contract affected by these advance payment provisions or if there has been any assignment, such assignment has been terminated;

(7) All information furnished to the Administering Office in connection with each request for advance payments is true and correct; and

(8) These representations and warranties shall be continuing, and shall be deemed to have been repeated by the submission of each request for advance payments.

(o) Sub-Advances. Sub-advances are not authorized hereunder.

(p) Report Requirements.

(1) An advance payment summary cash report in a format prescribed by the Administering Office shall be required semiannually. The report periods shall be 1 October through 31 March and 1 April through 30 September. The report shall be submitted to the Administering Office not later than 30 days after the completion of the report period.

(2) The Contractor shall furnish the Administering Office a quarterly update of contracts for which advance payments are made under this Agreement. The reporting periods shall be as of 31 March,

30 June, 30 September, and 31 December and shall be submitted to the Administering Office not later than 30 days after the completion of the report period. The quarterly update shall include the following information: contract number, contract price, and period of performance.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, as of

(INSTITUTION)

BY________________________

____
(Title)

____
(Address)

____
(Date)

THE UNITED STATES OF AMERICA

BY________________________

____
(Title)

____
(Date)

(q) Limiting Date. Advance payments made hereunder are to finance all pool contracts subject to this Agreement, including amendments issued thereunder which result in increasing the contract price, that are executed during the two-year period following the effective date (___date___) of this Agreement.

PART 32--CONTRACT FINANCING

SUBPART 32.5--PROGRESS PAYMENTS BASED ON COSTS

32.501 General.

32.501-2 Unusual progress payments.

(a) Request for unusual progress payments shall be submitted to HQ AFSC/PMM.

(b) The Deputy Chief of Staff/Contracting and Manufacturing (HQ AFSC/PM), has been designated as the general officer with the authority to recommend to HQ USAF that the request for unusual progress payment be approved.

(c) All requests for unusual progress payments, whether recommended for approval or disapproval, shall be promptly forwarded to SAF/FMB through HQ USAF/RDCP and HQ USAF/ACF together with all pertinent data and documentation and the rationale supporting the recommended action.

32.501-3 Contract price.

(a)(3) When provisional increases totaling $20 million or more have been made under a contract, HQ USAF/ACFA and ultimately the Assistant for Banking and Contract Financing, SAF/FMB, shall be notified.

32.502 Preaward matters.

32.502-2 Contract finance office clearance.

The procedures of 32.501-2 apply to FAR 32.502-2(a) and (b). When seeking approval to provide progress payments to contractors of the type described in FAR 32.502-2(c), the contracting officer shall submit the necessary information directly to HQ USAF/ACF who will forward it to the Assistant for Banking and Contract Financing, SAF/FMB.

PART 32--CONTRACT FINANCING

SUBPART 32.6--CONTRACT DEBTS

32.610 Demand for payment of contract debt.

For those contracts where DCAS acted as the administrative contracting and disbursing office, demands for payment of contract debts resulting from default termination shall direct the debtor to make payment to HQ USAF/ACFA, Comptroller, USAF, Washington DC 20330. Normally these debts would be for excess reacquisition costs, liquidated damages, or unliquidated progress payments. A copy of the demand shall be directed to HQ USAF/ACFA noting the identity of the DCAS disbursing office.

32.613 Deferment of collection.

Request for deferment of contract debts shall be forwarded by the recipient office to HQ AFSC/PMM. HQ AFSC/PMM shall submit, on a priority basis, an evaluation of the contractor's proposal with the necessary supporting information and recommendation through command channels to to HQ USAF/RDCP who shall refer the request to HQ USAF/ACFA and ultimately to the Assistant for Banking and Contract Financing, SAF/FMB.

32.670 Transfer of responsibility for debt collection.

Responsibility for ascertainment and collection of delinquent contract debts has been delegated to the Chief, Banking and Contracting Financing Division, Directorate of Accounting Operations, AFAFC/TCB, Denver, CO 80279. Debt cases shall be transferred for collection to that office as prescribed by FAR Subpart 32.6.

PART 32--CONTRACT FINANCING

SUBPART 32.7--CONTRACT FUNDING

32.703 Contract funding requirements.

32.703-2 Contracts conditioned upon availability of funds.

(a) Fiscal year contracts. The term "operation and maintenance and continuing services" includes authority to contract for continuing modification programs, Programmed Depot Maintenance/Maintenance and Overhaul of Equipment.

32.790 Base contracting funding procedures.

No action toward purchasing shall be initiated by base contracting activities regardless of the amount involved, unless the requirement meets one of the following conditions:

(a) A purchase request has been processed through the accountable accounting and finance office (AFO) for allotment citation and certification of fund availability. Contracts not exceeding the certified amount may be made without further recourse to the AFO.

(b) Funds are already available to the contracting activity through imprest funds or funded blanket purchase agreements.

(c) Funds are available to the contracting activity in an obligation authority previously issued. It is the responsibility of the appropriate requirements submitting office (for example, supply, maintenance, and so forth) to request the accountable accounting and finance officer to issue obligation authorities. Obligation authorities of AFO fund citations are not required for requirements processed through the USAF Standard Base Level Supply System, but may be used to supplement the system.

(d) The purchase request is for requirements chargeable to the Air Force Stock Fund. At the beginning of each fiscal year, the local primary stock fund manager of a stock fund division which is exempt from apportionment control, shall furnish the following signed certificate to the contracting office:

"I certify that all purchase requests for ____________ stock fund items for FY______ are provided for the approved ____________ operating program for FY ______. The proper accounting classification to be cited for the entire FY is ______________." Based on the foregoing certificate, purchase requests may then be submitted for action by the contracting office, without individual fund citations or certifications.

(e) The purchase request is for industrial fund requirements and the accounting agent has furnished an annual certificate substantially the same as in paragraph (d) above. In lieu therof, the accounting agent shall enter the fund citation on each purchase request.

(f) The funds required for authentication of a communication services authorization (CSA) (DD Form 428) are chargeable to an AF Form 406, Miscellaneous Obligation Document (MOD). If the CSA is to be charged to a MOD, the communication officer shall identify the MOD on the CSA.

(g) The purchase request is for contracts conditioned upon the availability of funds as authorized by FAR 32.703-2.

(h) The purchase a request is for projects in connection with family housing and/or mobile home parks, upon direction by HQ USAF.

(i) An indefinite delivery type contract is to be established which does not require a firm funded order at time of contract execution.

(j) The purchase request is for a requirement chargeable to funds for the next FY, not covered by (g) above. This authority may be used for any requirement when the initiating and approving authorities determine that the requirements has a high enough priority to ensure that it will not be cancelled when the next FY funds become available. In lieu of certification of fund availability, the comptroller activity shall provide the following certification:

"This requirement is included or provided for in the installation financial plan for FY ______. The accounting classification shall be______________."

(1) Except when additive or deductive items are included in the bid schedule for construction, bids, or proposals may be received, opened, and final award prepared.

(2) The contract may be signed and approved, if required, but shall not be distributed. The contact shall not be delivered to the contractor nor will the contractor be notified that it has been awarded a contract until funds have been certified by the accountable AFO. The clause at FAR 32.703-2 shall not be used.

(3) Current FY funds may be used if they become available before the end of the FY and the contract can be obligated as required by AFR 170-8.

(k) Adjustments increasing obligations against expired annual appropriations and lapsed appropriations. Increase adjustments are authorized provided they are within the terms of the original contract or purchase order. These adjustments may arise from authorized variations in quantities, prices, or specifications. Such adjustments shall not change the scope of the contract and thereby result in new acquisition. Certification of fund availability is required for increases against expired appropriations that have not lapsed (that is, moved to the "M" account). Certification of fund availability is not required for increases against lapsed "M" appropriations. The contracting officer shall obtain certification of funds availability before executing an amendment in the case of a charge against an expired appropriation that has not lapsed.

(l) Purchase requests for military construction program (MCP) projects when written notification has been received which specifies that (1) the Air Force has been designated responsibility for the acquisition, (2) the project has been approved for acquisition action, and (3) funds for the project are available and are being forwarded through separate channels. This exception also applies even though the purchase request is funded only in the amount provided to the command as initially estimated submitted, approved, and programmed, and even though the latest government estimate based on actual design and engineering exceeds the amount of the purchase request. In such cases, bids or proposals shall be solicited before requesting additional funds.

(m) Request for solicitations pursuant to FAR 15.405.

(n) Qualified certification of fund availability. The purchase request contains a certification by an AFO that funds shall be available effective on a specific date unless advice to the contrary is provided before that date. Obligations shall not be incurred before that date.

(o) Purchase requests for minor construction projects (P-341 funds and commissary surcharge funds) which are supported by a statement that sufficient funds are being held in reserve at HQ USAF or HQ AFCOMS respectively, and that such funds shall be made available when the amount of the low acceptable bid or proposal has been identified.

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TABLE OF CONTENTS

PART 33--DISPUTES AND APPEALS

Paragraph	Title	Page
33.007	Contractor claim certification.	33.0-1
33.011	Contracting officer's decision.	33.0-1
33.090	Appeals.	33.0-2

PART 33--DISPUTES AND APPEALS

33.007 Contractor claim certification.

(a) Contracting officers are reminded of the claim certification requirements set forth in FAR 33.007(a).

(c) If an uncertified claim exceeding $50,000 is received by the contracting officer, a letter shall immediately be sent to the contractor informing it of its failure to certify as required by the Contract Disputes Act (Public Law 95-563, 41 U.S.C. §601 et seq). The letter should state that until such time as the claim is certified, the contracting officer has no authority to consider the claim or issue a final decision. Under no circumstances will the contracting officer issue a final decision on an uncertified claim exceeding $50,000.

33.011 Contracting officer's decision.

(a)(2) Before sending any final decision to the contractor, the contracting officer shall refer the proposed final decision to HQ AFLC/JAB, Wright-Patterson AFB, Ohio 45433, for review and comment. The file forwarded for review shall be complete in all respects and shall contain--

(i) A copy of the contract and all applicable amendments, specifications, and drawings;

(ii) All communications relative to the subject matter of the dispute, including correspondence between the contractor and the contracting officer and all intragovernmental communications;

(iii) Any additional pertinent information such as memoranda for the record or memoranda of conferences;

(iv) All local Staff Judge Advocate reviews and opinions; and

(v) A properly executed certification as required by the Contract Disputes Act on all claims exceeding $50,000.

If the contracting officer accepts HQ AFLC/JAB's advice and comments, the contracting officer shall make the appropriate modifications to the final decision and transmit it to the contractor in person, obtaining a receipt therefor, or by certified mail, return receipt requested.

(4) Instead of the language at FAR 33.011(a)(4)(v), insert the following as the last paragraphs of each final decision arising out of a contract entered into on or after 1 March 1979:

"This is the final decision of the Contracting Officer. This decision may be appealed to the Armed Services Board of Contract

Appeals. If you decide to make such an appeal, you must mail or otherwise furnish written notice thereof to the Armed Services Board of Contract Appeals, 200 Stovall Street, Hoffman Building II, Room 9N41, Alexandria, VA 22332, within 90 days from the date you receive this decision. A copy thereof shall be furnished to the Contracting Officer from whose decision the appeal is taken. The notice shall reference this decision, and identify the contract by number. In lieu of appealing to the Armed Services Board of Contract Appeals, you may bring an action directly in the United States Claims Court within 12 months of the date you receive this decision. For appeals in which the amount in dispute as a result of the final decision is $50,000 or less you may, solely at your election, proceed under the revised accelerated procedure of the Armed Services Board of Contract Appeals. Alternatively, if the amount in dispute as a result of the final decision is $10,000 or less you may, solely at your election proceed under the small claims expedited procedure of the Armed Services Board of Contract Appeals. Both the revised accelerated procedure and the small claims expedited procedure are described in Rule 12 of the Armed Services Board of Contract Appeals Rules. (See DOD FAR Sup Appendix A - Section 2.)"

(f) Should the contractor file an appeal from the contracting officer's refusal to issue a final decision on a claim, the procedures set forth in 33.090 shall be followed. HQ AFLC/JAB will move for dismissal of such an appeal.

33.090 Appeals.

(a) Appeals to the Armed Services Board of Contract Appeals (ASBCA).

(1) When the contracting officer receives a notice from the contractor stating that the contractor has filed an appeal with the ASBCA, the contracting officer shall immediately send a copy of the notice to HQ AFLC/JAB along with the envelope in which the notice was received. If the contractor mistakenly files its appeal with the contracting officer instead of the ASBCA, as required, the contracting officer shall immediately note the date on which the appeal was received and forward it to ASBCA along with the envelope in which the appeal was sent and copies of both shall be sent to HQ AFLC/JAB.

(2) Upon learning that an appeal has been taken to the ASBCA, the contracting officer shall comply with Rule 4 of the ASBCA Rules (DOD FAR Sup Appendix A, Part 2). In assembling the file of documents under Rule 4 (Rule 4 file), the contracting officer shall not include any legal opinions or intragovernmental or intergovernmental documents of the types described in AFR 12-30 (Freedom of Information Act), AFR 12-35 (Privacy Act) and DOD FAR Sup Subpart 24.2 without having first obtained the approval and concurrence of HQ AFLC/JAB. Any question concerning whether or not a particular document should be included in the Rule 4 file shall be transmitted by the contracting officer to HQ

AFLC/JAB for resolution prior to completing and forwarding the Rule 4 file. In assembling the Rule 4 file, the contracting officer shall take care to separately tab and index each document for ease of reference during the appeal. Prior to forwarding the Rule 4 file to the ASBCA (Recorder), the contractor, and HQ AFLC/JAB, the contracting officer shall submit the file to the local staff judge advocate for review and approval to assure completeness and to prevent accidental disclosure of privileged material. Thereafter, all three copies may be mailed concurrently. Contractors or their representatives shall not be given access to government files or documents, other than the Rule 4 file, without specific approval of the assigned Air Force trial attorney.

(3) Authority to process all contract appeals to the ASBCA has been delegated to the Staff Judge Advocate, HQ AFLC, with power of redelegation. The Staff Judge Advocate, HQ AFLC, has designated the Director of Contract Appeals, Office of the Staff Judge Advocate, HQ AFLC/JAB, as the Chief Trial Attorney to represent the Government in the defense of appeals before the ASBCA. Decisions of the ASBCA shall be transmitted by the Chief Trial Attorney to the appropriate contracting officer for action according to the Board's decision.

(4) At all times throughout the processing of an appeal, the contracting officer shall render all assistance requested by the assigned Air Force Trial Attorney including, but not limited to, locating and arranging for the presence of all potential Government witnesses, and marshalling Government records and other required physical evidence for conferences and hearings necessary to defend or otherwise dispose of an appeal. Funding of witness travel shall be in accordance with AFM 172-1, Vol 1, paragraph 10-10(a).

(b) Actions in the United States Claims Court. Under the Contract Disputes Act of 1978, the contractor may elect to bring an action directly in the United States Claims Court. If the contracting officer receives notice that an action has been filed in the United States Claims Courts, the contracting officer shall immediately notify the local Staff Judge Advocate who shall notify HQ USAF/JACL in keeping with AFR 110-24. The contracting officer shall also provide assistance in preparing the litigation report required by AFR 110-24. The contracting officer shall send HQ AFLC/JAB a copy of all notices of direct appeal to the United States Claims Court. Thereafter, the contracting officer shall give assistance as requested by HQ USAF/JACL. Funding of witness travel shall be in accordance with AFM 172-1, Vol 1, paragraph 10-10(a)."

TABLE OF CONTENTS

PART 35--RESEARCH AND DEVELOPMENT CONTRACTING

ragraph	Title	Page
.004	Publicizing requirements and expanding research and development sources.	35.0-1
.010	Scientific and technical reports.	35.0-1

PART 35--RESEARCH AND DEVELOPMENT CONTRACTING

.004 Publicizing requirements and expanding research and development sources.

(a)(2) It is Air Force policy to provide the SBA as much time as
actical beyond the minimum of 15 workdays. When this 15-day period
s elapsed and no input has been received from SBA, the contracting
tion shall move forward. When an SBA procurement center
presentative (PCR) is assigned, the SBA PCR may request additional
me. Such requests shall be granted whenever practical. In the
ent that the SBA PCR's request for additional time cannot be
anted, the PCR shall be provided with an explanation as to why the
quisition cannot be delayed.

.010 Scientific and technical reports.

Before issuing any solicitation for a study or analysis contract,
e contracting officer shall verify that the requiring organization
s queried the Defense Technical Information Center (DTIC) and other
ientific and technical information sources. The purchase request
ckage shall contain a signed statement from the technical officer
sponsible for the study stating that the DTIC and other information
urces have been queried, that evidence of those inquiries are on
le, and that no existing scientific or technical report could
lfill the proposed requirement.

TABLE OF CONTENTS

PART 36--CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS

SUBPART 36.2--SPECIAL ASPECTS OF CONTRACTING FOR CONSTRUCTION

Paragraph	Title	Page
36.201	Evaluation of contractor performance.	36.2-1
36.202	Specifications.	36.2-1
36.271	Expediting construction contracts.	36.2-1
36.272	Cost-plus-fixed-fee contracts.	36.2-1
36.290	Material approval submittal form (AF Form 3000).	36.2-1
36.291	Administration of construction contracts.	36.2-1
36.292	Contract progress schedules and reports for construction contracts (OMB Approval Number 21-R0129).	36.2-2
36.293	Major construction and renovation projects.	36.2-3

SUBPART 36.4--SPECIAL PROCEDURES FOR NEGOTIATION OF CONSTRUCTION CONTRACTS

Paragraph	Title	Page
36.402	Price negotiation.	36.4-1
36.490	Contracting with 8(a) or disadvantaged architect-engineer businesses.	36.4-1
36.490-1	General.	36.4-1
36.490-2	Procedures.	36.4-1
36.491	Use of the indefinite delivery, indefinite quantity (IDIQ) contract-type for the acquisition of architect-engineering (A&E) services.	36.4-2
36.491-1	General.	36.4-2
36.491-2	Procedures.	36.4-2

pages tightly bound

SUBPART 36.90--MILITARY CONSTRUCTION PROJECTS REPORT

Paragraph	Title	Page
36.9000	Scope of subpart.	36.90-1
36.9001	Responsibilities.	36.90-1
36.9002	Report format.	36.90-1
36.9002-1	Instructions.	36.90-1
36.9003	Exemptions.	36.90-2
36.9004	Reports control symbol.	36.90-3

PART 36--CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS

SUBPART 36.2--SPECIAL ASPECTS OF CONTRACTING FOR CONSTRUCTION

36.201 Evaluation of contractor performance.

RCS: HAF-RDC (AR) 7118(DD) applies to the report required in FAR 36.201.

36.202 Specifications.

Personnel who develop technical specifications for construction projects shall advise the contracting activity when specifications require contractors to deliver, use, store, or handle hazardous material at a government activity. Upon notification, contracting officers shall comply with FAR Subpart 23.3 regarding hazardous material identification.

36.271 Expediting construction contracts.

Requests to use expediting action shall be submitted through command channels to HQ USAF/RDCL with information copy to HQ USAF/LEE with detailed justification as to why such action is required.

6.272 Cost-plus-fixed-fee contracts.

Requests for use of a cost-plus-fixed fee (CPFF) type contract estimated to exceed $25,000 shall be submitted through command channels to HQ USAF/RDCL with an information copy to HQ USAF/LEE. The request shall include a complete justification for using a CPFF type contract.

36.290 Material approval submittal form (AF Form 3000).

(a) Within 10 days after commencement of work or as otherwise established by the contracting officer, all materials and articles requiring approval, as contemplated by the Materials and Workmanship clause, shall be submitted by the contractor, by means of AF Form 3000. The contracting officer shall establish a suspense date on action to be taken on submittals and retain the fourth copy for necessary follow-up action.

(b) Insofar as practical and before commencement of work, the contracting officer shall inform the contractor of the materials or articles requiring approval.

36.291 Administration of construction contracts.

(a) Effective administration of construction contracts depends upon he constant and continual inspection and observation of contractor's performance, the written recording of the deficiencies noted, and the transmission of these deficiencies to the contractor for corrective action. The primary factor involved in assuring timely performance is the clear understanding by the contractor of its responsibilities under the contract and of the government's rights which can be imposed in areas of noncompliance. These responsibilities may be conveyed to the contractor through the media of a preperformance conference conducted before the commencement of work.

(b) Postaward or preperformance conferences are mandatory for construction contracts in excess of $100,000 which are substantially performed on government premises. Contracting officers may require such conferences below $100,000 if they deem it necessary. Factors to consider in this determination are (1) the contractor is new on base, (2) the contractor has not performed on government contracts for some time, (3) the work must be coordinated with the requiring activity, or (4) the complexity and/or scope of the specifications requires a conference.

36.292 Contract progress schedules and reports for construction contracts (OMB Approval Number 21-R0129).

(a) AF Form 3064, Contract Progress Schedule, shall be used to satisfy the requirements of the Progress Charts and Requirements for Overtime Work clause. Use of the form is optional in connection with requirements type contracts except that it shall be used to support each delivery order which establishes a continuous performance period of 60 days or more. Additional copies of the form may be used to provide for a performance period in excess of the time frame available on the form. Upon submission of the initial AF Form 3064, the contracting officer and civil engineer shall carefully evaluate the percentage of the total job assigned to each work element. Particular attention shall be devoted to those elements to be performed in the early stages of the effort to preclude overstatement that would result in an imbalance in payments and exceed the value of work performed. Work elements shall be limited to those tasks which will indicate the progress of the work and which may be readily identified and measured by personnel monitoring the contractor's progress. Normally the percentage factors of each work element should be related to the total value of the contract.

(b) AF Form 3065, Contract Progress Report, shall be used to satisfy the requirement of periodic progress reporting by one of the following methods, at the discretion of the contracting officer:

(1) Separate reports covering the same period will be prepared by the contractors and by the civil engineers or their designees.

(2) The contractor shall prepare the report and route it through civil engineering. The civil engineers or their designees shall review the report and make necessary comments and forward it to the base contracting office for action.

Appropriate action shall be taken to resolve any significant variances of five percent or more in the percent of progress reported by the contractor and the civil engineer.

(c) Appropriate revisions shall be made to the existing AF Form 3064, or a revised form obtained, whenever a contract modification causes a change in the original progress schedule. A revised AF Form 3064 shall be obtained whenever the performance period is extended for 60 days or more. Upon completion of the contrct, the actual completion date shall be entered on the AF Form 3064 and the form, together with all supporting copies of AF Form 3065, shall be filed in the contract folder as permanent records.

(d) Work elements entered in column B of the AF Form 3064 shall be limited to those tasks which will indicate the progress of the work under the contract, and which may be readily identified and measured by personnel monitoring the contractor's progress. Such elements as preparatory work, supervision, administration, mobilization, demobilization, and cleanup may be considered as appropriate entries when they represent actual progress upon which the contracting officer may make a decision regarding approval or disapproval of the contractor's payment estimates.

36.293 Major construction and renovation projects.

(a) Extra care and attention shall be given to all aspects of major construction and renovation projects to ensure satisfactory accomplishment. It is particularly important that the performance of the contractor be closely monitored at the outset of the contract. Early identification and resolution of problems minimize the impact and cost of corrections or change. The management of such projects shall be reviewed periodically by base and command level civil engineering and contracting staffs.

(b) When there are a significant number of units in a family housing renovation project, the acquisition should be broken up into phases. For example, a 300 unit family housing renovation project could be divided into three, 100 unit phases with each phase including various models. This would allow for improvement in specifications, workmanship standards, contractor inspection requirements, and administrative matters, before contracting for the subsequent phases. Consideration should be given to contractual requirements for pilot model or a first article in order to establish workmanship standards for the contract performance. Such a unit should remain vacant during the renovation period. Portions of the work such as electrical, plumbing, and heating should be left uncovered to display acceptable workmanship. The unit could also be used as the location of the civil engineering field office.

(c) FAR 52.246-12 requires the contractor to maintain and perform an inspection system to assure that work performed conforms to the contract requirements. Because of the number of work elements involved in a family housing renovation project, closer management of each element by the contractor to assure timely performance is essential. In such projects, a contractor-prepared network analysis system (DOD FAR Sup 52.236-7012) or a critical path method surveillance technique should be required and used to supplement or replace the AF Form 3064 and 3065.

PART 36--CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS

SUBPART 36.4--SPECIAL PROCEDURES FOR NEGOTIATION OF CONSTRUCTION CONTRACTS

.402 Price negotiation.

When a cost estimate breakdown is required from the civil engineer d/or the prospective contractor for a negotiated construction ntract or for any modification to a construction contract, AF Form 52, Construction Cost Estimate Breakdown, shall be used.

(70) Profit or fee.

(2) Cost-reimbursement type construction contracts.

(1) DOD FAR Sup 15.905-1 shall be used as a guide in determining ppropriate fees. Weight ranges shown in DOD FAR Sup 15.902(a)(1)(v) re not mandatory for construction contracts and may be adjusted to re accurately reflect particular conditions. For additional idance, see DAR Manual 1, Defense Acquisition Regulation Manual for ntract Pricing.

6.490 Contracting with 8(a) or disadvantaged architect-engineer businesses.

6.490-1 General.

This section prescribes procedures for use of Section 8(a) of the all Business Act for Architect-Engineer (A-E) contracting.

It applies to all USAF contracting offices, centers, and divisions. he procedures are to be used in conjunction with established A&E election policy as identified in FAR Subpart 36.6.

6.490-2 Procedures.

(a) When using Section 8(a) of the Small Business Act to acquire &E services, the Small Business Administration (SBA) shall be equested to provide a number (at least three) of qualified 8(a) A&E irms. These firms shall be subjected to evaluation in accordance ith policy at FAR 36.602-1. If the SBA is unable to refer at least hree qualified 8(a) firms, then the contracting officer shall ask the BA to provide additional qualified A&E firms that are disadvantaged usinesses. A minimum number of three firms shall be available for valuation by the selection board. The additional disadvantaged usiness firms referred need not be 8(a) certified to be considered or evaluation. However, before any contract award pursuant to this ection, the firm selected must receive 8(a) certification. herefore, when requesting additional firms, it is incumbent upon the contracting officer to alert the SBA that firms identified for evaluation must be eligible and agreeable to conditions required for 8(a) certification. Likewise, it is incumbent upon the SBA to expedite 8(a) certification processing to assure a timely contract award.

(b) Upon completion of the evaluation and selection in accordance with FAR 36.602, the contracting officer shall notify the SBA of the firm selected for negotiation and, at the same time, shall ask for SBA's proposal. Negotiation of a fair market price and contract award shall then be accomplished using Section 8(a) procedures.

(c) In the event three 8(a) or disadvantaged A-E firms cannot be provided by the SBA for evaluation, the contracting officer shall document the contract file accordingly, and revert to usual acquisition procedures for A&E services. When reverting to usual procedures, public announcement in accordance with FAR 5.205(c) applies. The public notice used per DOD FAR Sup 5.207(d)(71) shall identify the special evaluation considerations afforded 8(a) and disadvantaged firms in AFR 88-31, Atch 2. These considerations allow for accrual of additional points based upon 8(a) or disadvantaged business status.

36.491 Use of the indefinite delivery, indefinite quantity (IDIQ) contract-type for the acquisition of architect-engineering (A&E) services.

36.491-1 General.

This section prescribes procedures for use in the indefinite delivery, indefinite quantity (IDIQ) contract for the acquisition of A&E services. It applies to all USAF contracting offices, centers, and divisions. The procedures are to be used in conjunction with established A&E selection policy as identified in FAR Subpart 36.6.

36.491-2 Procedures.

(a) The contractor shall be guaranteed a minimum of $5,000 in fees.

(b) No individual order may exceed $40,000 in fees. An exception to this limitation is the initial order used to start the contract. This order may exceed $40,000 as long as properly indicated in the Commerce Business Daily (CBD) announcement.

(c) The fees under a particular IDIQ contract may not exceed $250,000.

(d) The selection procedures used to determine contract award of this type contract shall be those procedures for awards of contracts over $10,000. This means announcement in the CBD and a selection process using two formally constituted boards are required.

(e) As projects having design fees of $40,000 or less are identified, they are accomplished by issuance of a delivery/work order against the particular IDIQ contract.

(f) There is no prohibition against awarding consecutive contracts to the same firm.

(g) Option provisions shall not be included in the contract.

(h) As this contract may cross fiscal years, funds for orders placed against the contract shall be obligated within the year appropriated.

(i) The announcement in the CBD shall clearly define the limitations of applicability as identified above.

PART 36--CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS

SUBPART 36.90--MILITARY CONSTRUCTION PROJECTS REPORT

36.9000 Scope of subpart.

This subpart prescribes the preparation and submission of reports covering awards of construction projects, including family housing, which were authorized by either annual or supplemental Military Construction Acts. For the purpose of this report, small business-restricted advertising shall be considered to be formal advertising. This subpart applies to all contracting activities, worldwide.

36.9001 Responsibilities.

(a) Each contracting activity shall submit a consolidated annual report to the appropriate major command, covering all military construction project (MCP) contracts and modifications to such contracts that exceed $10,000 which were awarded during the reporting period. Reports shall be prepared on a fiscal year basis, in the format prescribed in 36.9002, and submitted so as to reach the major command headquarters no later than 15 October of each year. Negative reports are required.

(b) Major commands shall prepare and submit a consolidated report, in the same manner as specified in paragraph (a) of this section, for all activities under their jurisdictions, so as to reach HQ USAF/RDCL no later than 31 October of each year. Negative reports are required.

36.9002 Report format.

The format in Figure 1 shall be used for the report. Typical examples, illustrating the method of reporting, have been entered on the format.

36.9002-1 Instructions.

(a) The first part of the report shall be prepared in accordance with the following instructions and cover only negotiated actions:

(1) First column. Enter the contractor's name and location by city and state (or country).

(2) Second column. Enter name of installation and location by state (or country) at which the work is performed.

(3) Third column. Enter a brief description of the project.

(4) Fourth column. Enter the number of the Public Law which authorized the construction project.

(5) Fifth column. Enter the total dollar amount of the contract or modification. When the entry involves a modification to a previously reported contract, enter the amount of the modification only.

(6) Sixth column. Enter a brief explanation as to why the contract was not formally advertised, and cite the applicable provision of 10 U.S.C. 2304(a). State whether or not competitive price proposals were solicited. See DOD FAR Sup 4.671-4(c)(5) for criteria.

(b) The second part of the report (Summary Data for the 12-Month Period Covered by this Report) shall be prepared in accordance with the following instructions:

(1) Total awards. Enter the total dollar value of all MCP contract awards, both formally advertised and negotiated, and modifications to existing contracts, which were awarded during the reporting period.

(2) Total awards not formally advertised. Enter the total dollar value of all MCP contract awards which resulted from negotiation, and modifications to such contracts, which were awarded during the reporting period (total of all entries covered in paragraph (a)(5)).

(3) Total awards without price competition. Enter the total dollar value of all MCP contract awards which resulted from negotiation and without price competition.

(4) Percent awards not formally advertised/total awards. Enter the ratio in percent of the entry covered in paragraph (b)(2) of this subsection, divided by the entry covered in paragraph (b)(1) of this subsection.

(5) Percent awards without price competition/total awards. Enter the ratio in percent of the entry covered in paragraph (b)(3) of this subection, divided by the entry covered in paragraph (b)(1) of this subsection.

36.9003 Exemptions.

The following types of actions shall not be included in the annual report:

(a) Contract awards for architect-engineering services.

(b) Contract awards within the definition of 36.9000, but which were awarded by other than an Air Force activity.

(c) Contracts awarded for the purpose of completing the work of a defaulted contract previously reported.

(d) Contract modifications under $10,000.

(e) Contract awards for projects identified as minor construction.

36.9004 Reports control symbol.

Reports control symbol HAF-RDC(A)7115(PL) has been assigned to the annual MCP report.

REPORT REQUIRED BY SECTION ___ OF PUBLIC LAW ___ COVERING MILITARY CONSTRUCTION CONTRACTS AWARDED WITHOUT FORMAL ADVERTISING DURING THE 12-MONTH PERIOD FROM ___ TO ___

Name of Company With Which Contract was Placed	Location of Work	Description of Military Construction Provided by Contract	Public Law Which Authorized This Military Construction	Dollar Amount of Contract (or Contract Modification)	Reason Why Contract Was Awarded Without Formal Advertisement
United Const. Co., Ltd. Bangkok, Thailand	Wattay Airfield Vientiane, Laos	Construction of Aircraft Parking Apron & Taxiway	89-367	$310,130	Contract negotiated in accordance with provisions of 10 U.S.C. 2304(a)(6) for property or services to be procured outside the U.S. and posessions.
Santa Fe Engineers, Inc.,	Fort Irwin Barstow CA	Maintenance Sheds	89-367	$196,138	Contract negotiated under 10 U.S.C. 2304 (a)(2) due to urgent need for facility in support of Southeast Asia program. Competitive price proposals solicited.
Dyson & Co. Pensacola, FL	Fort Rucker AL	Additions to Communication Center, Army Aviation Center	89-367	$ 15,242 (Contract Modification)	Modification to a previous contract which was awarded without formal advertising, or which was awarded with competitive price proposals solicited.

SUMMARY DATA FOR 12-MONTH PERIOD COVERED BY THIS REPORT

Total Awards $______
Total Awards Not Formally Advertising $______
Total Awards Without Price Competition $______
Percent Awards Not Formally Advertised/Total Awards ______%
Percent Awards Without Price Competition/Total Awards ___.___%

TABLE OF CONTENTS

PART 37--SERVICE CONTRACTING

SUBPART 37.1--SERVICE CONTRACTS - GENERAL

Paragraph	Title	Page
37.103	Contracting officer responsibility.	37.1-1
37.110	Solicitation provisions and contract clauses.	37.1-1

SUBPART 37.90--SERVICE CONTRACTS FOR AN END PRODUCT

Paragraph	Title	Page
37.9000	Scope of subpart.	37.90-1
37.9001	Service contracts for an end product.	37.90-1

SUBPART 37.91--OPERATION AND MAINTENANCE TYPE CONTRACTS THAT CROSS FISCAL YEARS

Paragraph	Title	Page
37.9100	Scope of subpart.	37.91-1
37.9101	Applicability of subpart.	37.91-1
37.9102	Contracts for maintenance of tools or facilities.	37.91-1

pages tightly bound

PART 37--SERVICE CONTRACTING

SUBPART 37.1--SERVICE CONTRACTS - GENERAL

37.103 Contracting officer responsibility.

(a) At the time the contracting officer receives, through a purchase request or other document, any requirement for the purchase of services, the PCO shall determine whether the acquisition is proper in the light of the personal services policy in FAR 37.104. The PCO shall not proceed unless exempted by paragraph (b) below, without documenting the contract file with--

(1) A brief memorandum of the PCO's determination that the services are nonpersonal, together with the reasons and all the facts which bear on the personal-nonpersonal question, or a memorandum of the determination that acquisition of the services is expressly authorized by statute, regardless of whether personal;

(2) An opinion of counsel obtained pursuant to 37.103 in any doubtful case and in any case when express statutory authorization is invoked;

(3) Any further documentation which may be required by departmental implementation.

(b) The following are exempted from the documentation requirements imposed by paragraph (a) of this section:

(1) Contracts for construction and contracts for architect-engineering services for preparation of designs, plans, drawings and specifications awarded pursuant to Part 36 procedures.

(2) Simplified small purchases issued pursuant to FAR Part 13.

(3) Contracts for annual recurring service requirements. The PCO's signature on the contract is the determination that the services are nonpersonal.

37.110 Solicitation provisions and contract clauses.

In the past, award of contracts for recurring and continuing service requirements have been delayed due to circumstances beyond the control of the contracting office. Examples of delays are bid protests, alleged mistakes in bid, and wage rate disputes. In recognition of the adverse effect of these problems, as appropriate, contracting officers are encouraged to include a clause, worded substantially in accordance with FAR 52.237-9000 in solicitations and contracts for services.

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PART 37--SERVICE CONTRACTING

SUBPART 37.90--SERVICE CONTRACTS FOR AN END PRODUCT

37.9000 Scope of subpart.

This subpart contains information regarding funding of service contracts for end products.

37.9001 Service contracts for an end product.

(a) Service contracts for an end product, such as reports, surveys, audits, etc., which represent a bona fide need for the fiscal year in which the contract is executed are, within limitations of applicable statutes, obligations without regard to the date of completion.

(b) Contracting officers must make a written determination that the requirement represents a bona fide need for the fiscal year in which the contract is executed if the performance period will cross additional fiscal years, prior to entering into the contract.

PART 37--SERVICE CONTRACTING

SUBPART 37.91--OPERATION AND MAINTENANCE TYPE CONTRACTS THAT CROSS FISCAL YEARS

37.9100 Scope of subpart.

This subpart clarifies those types of service contracts that can cross fiscal years using annual appropriations.

37.9101 Applicability of subpart.

This subpart applies to all Air Force bases that enter into service contracts cited in this subpart.

37.9102 Contracts for maintenance of tools or facilities.

(a) The term of a service contract for maintenance of tools or facilities funded by annual appropriations and authorized by the current DOD appropriation act may extend beyond the end of the fiscal year in which it is awarded provided the total period of the contract performance is no more than one year.

(b) As used in this paragraph, "tools" generally consist of such items as hand and power tools, gauges, measuring devices, and so forth. These types of items are generally found in supply groups 51 and 52, but are not limited thereto. They do not include such items as plant equipment, ADP equipment, or office machines.

(c) See FAR 45.301 for definition of the term "facilities." However, the reference to plant equipment in FAR 45.301 is limited to only that plant equipment which is permanently installed and made a part of the building or structure and, thus, should be considered a facility for purposes of this section.

(d) In addition to the general guidance contained in paragraphs (a) and (b) of this section, the following nonexclusive list of services are examples of services that fall within the category of facilities maintenance:

(1) Custodial services.

(2) Security.

(3) Refuse collection.

(4) Grounds maintenance.

(5) Fire guard.

(6) Military family housing maintenance.

(7) Heating systems operations and maintenance.

(8) Energy monitoring control systems (EMCS) maintenance and repair.

(9) Surfaced area maintenance.

(10) Commissary refrigeration maintenance and repair.

(11) Medical facility housekeeping.

(12) Medical facility real property maintenance management.

(13) Hospital aseptic management system (HAMS).

(14) Animal control.

(15) Pest control.

TABLE OF CONTENTS

PART 42--CONTRACT ADMINISTRATION

SUBPART 42.2--ASSIGNMENT OF CONTRACT ADMINISTRATION

Paragraph	Title	Page
42.203	Retention of contract administration.	42.2-1
42.205	Designation of the paying office.	42.2-1

SUBPART 42.5--POSTAWARD ORIENTATION

Paragraph	Title	Page
42.502	Selecting contracts for postaward orientation.	42.5-1
42.503	Postaward conferences.	42.5-1
42.503-1	Postaward conference agreements.	42.5-1
42.504	Postaward letters.	42.5-1

SUBPART 42.71--VOLUNTARY REFUNDS

Paragraph	Title	Page
42.7101	Solicited refunds.	42.71-1
42.7101-90	Procedures.	42.71-1

PART 42--CONTRACT ADMINISTRATION

SUBPART 42.2--ASSIGNMENT OF CONTRACT ADMINISTRATION

.203 Retention of contract administration.

In accordance with Air Force policy in AFR 66-11, Contractor Field am (CFT) contracts are contracts which the Air Force is authorized retain for administration. They shall be administered by the rchasing office or other designated activity. In the event the rchasing command does not have such a capability, obtain the quired services from the Air Force Contract Maintenance Center FCMC). Contract administration assignments to AFCMC shall be dressed to HQ Air Force Contract Maintenance Center/TMC, ight-Patterson AFB OH 45433.

.205 Designation of the paying office.

The disbursing office for contracts in plants--

(a) Assigned to the Department of the Air Force under the DOD Plant gnizance Program shall be HQ AFCMD, Accounting and Finance Division, .O. Box 5850, Albuquerque NM 87117; and

(b) Assigned to the Department of the Army or Navy under the DOD lant Cognizance Program shall be at the discretion of the ntracting office, assigned either to the Air Force Accounting and inance Office funding the contract or HQ AFCMD, Accounting and inance, P.O. Box 5850, Albuquerque NM 87117.

PART 42--CONTRACT ADMINISTRATION

SUBPART 42.5--POSTAWARD ORIENTATION

42.502 Selecting contracts for postaward orientation.

Postaward or preperformance conferences are mandatory for service contracts exceeding $25,000 which are to be substantially performed on government premises. (For construction contracts, see 36.291.)

42.503 Postaward conferences.

42.503-1 Postaward conference agreements.

AF Form 3035, Preperformance Conference and Prefinal Payment Check List sets forth important factors to be discussed at a preperformance conference.

42.504 Postaward letters.

If for some reason, a preperformance conference cannot be held, regarding the services contract contracting officer shall write a letter to the contractor explaining the applicable items referred to on the AF Form 3035. When a letter is used, the contract file shall be documented to include a statement justifying the substitution and a copy of the letter containing the contractor's acknowledgement of receipt and its understanding of the responsibilities enumerated therein. When a delivery order is issued against a Federal Supply Schedule for services, such as intra-base radio, the decision to hold the postaward or preperformance conference shall be left to the contracting officer.

PART 42--CONTRACT ADMINISTRATION

SUBPART 42.71--VOLUNTARY REFUNDS

42.7101 Solicited refunds.

42.7101-90 Procedures.

(a) The staff officer responsible for contracting at the command headquarters, or higher authority, is responsible for determining that action should be taken to solicit a refund based on extra contractual consideration and for determining the amount to be sought.

(b) If the refund action being initiated results from in-house investigation, the staff officer shall--

(1) Prepare a detailed statement which shall include the following information and forward the statement to the Secretary through HQ USAF/RDCM:

(i) The facts of the case.

(ii) Reason for seeking a price adjustment.

(iii) The proposed action to be taken--

(2) Upon receipt of approval from the Secretary to proceed with the proposed action, prepare a letter to the president or principal officer of the contractor which--

(i) Advises the contractor that one is acting in behalf of the Secretary of the Air Force to whom the results of such actions shall be forwarded;

(ii) States the results of their review of the matter;

(iii) Advises that the Air Force considers it important that an equitable adjustment be made promptly;

(iv) Requests the contractor to refund the determined amount or make the necessary adjustment voluntarily; and

(v) If desired, invites the contractor's president or appropriate principal officer to personally discuss the payment of the refund to the government.

(c) If the refund action has been recommended by the GAO, the staff officer shall--

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(1) Prepare a proposed response to the GAO which shall contain the information required by (b)(1) above, and forward it to the Secretary through HQ USAF/RDCM for review and approval; and

(2) Upon notification of approval of the proposed response to the GAO by the Secretary, prepare a letter to the president or principal officer of the contractor which shall contain the information required by (b)(2) above.

(d) Attention is directed to the need for thorough analysis and justification of the Air Force position in any case in which a GAO recommendation to seek an adjustment is not complied with because the position shall be in a final report addressed to the Congress. If a GAO recommendation to seek a refund is rejected, the response to GAO shall adequately state the facts and arguments supporting the command's position and the response shall also indicate that legal recourse was considered and the results of such consideration.

(e) Regarding amounts of refund to be solicited in connection with GAO cases, a determination may be made to seek or accept a refund less than that originally indicated in the response to the GAO report. If so, such a decision shall be fully documented by the staff officer responsible for contracting at the command headquarters and have the concurrence of the commander of the major command. If the command concurs in the recommendation but fails to obtain a refund because of the contractor's refusal, the response shall state the basis for the refusal and whether or not the command agrees with it.

(f) The staff officer responsible for contracting at the command headquarters shall exhaust every available means to obtain the refund or adjustment. If unable to secure the adjustment the staff officer shall report to the commander of the major command the action taken and recommend what further action should be taken. The commander shall then exhaust every available means to obtain a refund and, if necessary, forward the matter to HQ USAF/RDCM with recommendations for further action.

TABLE OF CONTENTS

PART 43--CONTRACT MODIFICATIONS

SUBPART 43.3--FORMS

Paragraph	Title	Page
43.301	Use of forms.	43.3-1

PART 43--CONTRACT MODIFICATIONS

SUBPART 43.3--FORMS

43.301 Use of forms.

(a) Standard Form 30 shall not be used to amend Request for Quotations (RFQ Standard Form 18) (see FAR 15.410).

(b) Whenever there is a requirement in the contract for the issuance of a work order, job order, or other authorization for the contractor to perform work over and above that required by the contract terms and conditions, the contracting officer shall use the forms prescribed in the contract to approve such work. If the contract does not prescribe a special form, locally developed forms or letters of authorization may be used. Authorizations shall contain all conditions including price when possible. However, urgent authorization need not be delayed because of price or other conditions. When conditions are omitted, a time shall be specified for their resolution.

(c) All work orders, job order, or other authorizations shall be definitized by use of Standard Form 30. Dependent upon the frequency of authorizations or other requirements for issuance of Standard Form 30, the individual authorizations may be consolidated and incorporated in the contract.

TABLE OF CONTENTS

PART 45--GOVERNMENT PROPERTY

SUBPART 45.3--PROVIDING GOVERNMENT PROPERTY TO CONTRACTORS

Paragraph	Title	Page
45.302	Providing facilities.	45.3-1
45.302-1	Policy.	45.3-1
45.304	Providing motor vehicles.	45.3-1
45.304-90	Providing vehicular equipment to government contractors.	45.3-1
45.310	Providing agency-peculiar property.	45.3-1

SUBPART 45.4--CONTRACTOR USE OR RENTAL OF GOVERNMENT PROPERTY

Paragraph	Title	Page
45.404	Rent-free use.	45.4-1
45.404-90	Government facilities.	45.4-1
45.404-91	Contract clauses.	45.4-1

SUBPART 45.6--REPORTING, REDISTRIBUTION, AND DISPOSAL OF CONTRACTOR INVENTORY

Paragraph	Title	Page
45.608	Screening of contractor inventory.	45.6-1
45.608-5	Special items screening.	45.6-1
45.610	Sale of surplus contractor inventory.	45.6-1
45.610-3	Proceeds of sale.	45.6-1

SUBPART 45.71--FORMS, INSTRUCTIONS, AND REPORTS

Paragraph	Title	Page
45.7101	Forms.	45.71-1
45.7101-6	DD Form 1638, Report of Excess and Surplus Contractor Inventory.	45.71-1
45.7102	Instructions.	45.71-1
45.7102-1	Instructions for performing inventory verification and determination of allowability.	45.71-1

PART 45--GOVERNMENT PROPERTY

SUBPART 45.3--PROVIDING GOVERNMENT PROPERTY TO CONTRACTORS

45.302 Providing facilities.

45.302-1 Policy.

It is the policy of the Air Force that maximum reliance is placed on the use of contractor-owned facilities to support current RDT & E, production and maintenance requirements. Contracting officers shall comply with the procedures of AFR 78-22, Industrial Facility Acquisition, Retention and Disposition, when furnishing government facilities to contractors.

45.304 Providing motor vehicles.

45.304-90 Providing vehicular equipment to government contractors.

(a) Military unique types of motor vehicles may be supplied to contractors on DOD projects in accordance with the FAR and applicable Air Force policies.

(b) Commercially available motor vehicles will not, as a general rule, be provided to contractors except under specific conditions as outlined in AFM 77-310, Vol I, Chap 11.

(c) Coordination by the major command transportation staff is required to determine if government vehicles are available, or can be made available, to fulfill contract requirements before any contracting action which would obligate the government to provide vehicles to a contractor.

(d) AFM 77-310, Vol I, outlines Air Force vehicle policies and procedures. Refer to this manual in all situations involving the possibility of the government being required to provide vehicles to contractors.

45.310 Providing agency-peculiar property.

(a) General. Agency-peculiar property and related support equipment shall only be furnished by the Air Force to a contractor, as government-furnished property (GFP) for use in contract performance. Such property, including Aerospace vehicles, is often subject to specific requirements with respect to assignment, utilization, modification, maintenance, supply support, operation, and flying safety. The furnishing of such property shall be accomplished in strict conformance with the policies and procedures established herein.

(b) Definitions. "Aerospace vehicles" means aircraft, missiles, or drones. "Support equipment" means aerospace ground equipment (powered and nonpowered) and includes engines (or propulsion systems) and major components of the aerospace vehicles. It does not include plant equipment or commercially available standard test equipment.

(c) Requirements. (1) The procuring contracting officer (PCO), prior to the solicitation of bids or request for proposals on proposed procurements, determines whether or not agency-peculiar property and related support equipment will be required in the performance of the ensuing contract. When such property will be required, the PCO determines that it is available and authority has been given for its use during the anticipated time frame required under the proposed contract. This determination shall be coordinated in accordance with command procedures and the system manager/item manager.

(2) Allocation and assignment of aerospace vehicles for support of procurement actions shall be approved by HQ USAF in accordance with AFR 27-15. Major commands assigned such aerospace vehicles shall designate an activity responsible for surveillance of the contractor's maintenance and operation of the aerospace vehicle and related support equipment.

(3) To minimize the requirement for aerospace vehicles and related support equipment, cross-utilization by other purchasing offices will be authorized to the extent practicable; provided that such use shall not interfere with the purpose for which the aerospace vehicles were initially provided. Arrangements for such additional use shall be coordinated in writing between the PCO desiring use of the aerospace vehicle, the PCO presently having use of the aerospace vehicle, and the appropriate aerospace vehicle distribution office.

(4) All contracts which authorize contractor use of agency-peculiar property, including government aerospace vehicles and related support equipment (excluding facilities as defined by FAR 45.301, shall contain specific contract maintenance requirements developed from appropriate portions of the model contractual exhibit in AFSCR/AFLCR 66-24. These provisions shall be included in all solicitations and contracts (including letter contracts) involving the furnishing of aerospace vehicles and related support equipment to a contractor. Maintenance requirements shall be coordinated with 4950/XR for AFSC contracts and AFLC/MA for AFLC contracts. Contract requirements shall also be coordinated with the flying safety office for the buying activity. The contract file shall contain a copy of these coordinations.

(5) The specific period of time during which agency-peculiar property and related support equipment shall be provided to contractors and the purpose for which the property is provided shall be in the Schedule of the contract. The delivery point, place of use,

point of return, and return date shall be indicated in the Schedule. The contract shall require the return of government property to the government when no longer required for performance of the contract which authorized their use, but no later than the return date specified in the contract Schedule, unless approval for extension has been authorized. The contractor shall not be granted the unilateral right to extend the time during which it is entitled to use the agency-peculiar property and related support equipment. Consideration shall be obtained for any contractor required or caused extensions and the terms of the extension shall be incorporated in the contract.

(6) The contractor shall be required to immediately notify the Administrative Contracting Officer (ACO) in writing of early usage completion or unscheduled termination and, further, shall be required to notify the ACO in writing 90 before the programmed termination of assignment for the agency-peculiar property involved if a delay in redelivery to the government is anticipated. The contractor's letter shall state the reason for delay or necessity for the proposed extension and the proposed return date.

(7) In the event the government property being furnished requires modification for contract performance, the PCO shall ensure that the contract for supplies or services prescribes procedures for the modification, documentation, and restoration, when required, of the government property, and necessary funding to cover requirements (see AFR 57-4, AFSCR/AFLCR 66-24, and AFSCR 80-33, as applicable). Funds shall be identified in the contract by identifiable tasks as control line items that clearly separate funding responsibilities and which require separate contract line item accounting and voucher payment documentation. (See AFM 172-1.)

(8) When aerospace vehicles are provided to a contractor, the PCO shall insert the applicable Flight Risk clause prescribed in DOD FAR Sup 28.306(a)(1) or 28.307-2, the Accident Reporting and Investigation clause at DOD FAR Sup 52.228-7006, and the Temporary Recall of Aerospace Vehicles and Support Equipment clause at 52.245-9004 in Solicitations and Contracts.

(9) Before awarding a contract for supplies or services which anticipates the furnishing of aerospace vehicles and related support equipment, the PCO shall request a preaward survey by the applicable contract administration office (CAO) to determine the adequacy of--

(i) The air field, considering requirements in accordance with AFSCR/AFLCR 55-5;

(ii) Contractor's flight operation procedures and pilot qualifications pursuant to Joint Regulation AR 95-20, NAVAIRINST 3710.1A, AFR 55-22, and DLAR 8210.1; and

(iii) Maintenance and supply support, including training of personnel, initiation of requirements for initial and subsequent distribution of applicable technical orders, and spare parts (see AFR 400-26 and AFM 67-1).

Such requests to the CAO shall be submitted to the appropriate office shown in the DOD Directory of Contract Administration Components, DOD 4105.59H (see FAR 9.106-2). When the CAO is other than an Air Force office, the PCO shall include in the request the applicable portions of Air Force regulations to which the CAO may refer when performing the preaward survey.

PART 45--GOVERNMENT PROPERTY

SUBPART 45.4--CONTRACTOR USE OR RENTAL OF GOVERNMENT PROPERTY

45.404 Rent-free use.

45.404-90 Government facilities.

(a) Before authorizing rent-free use of government facilities by either the prime contractor or any of its' subcontractors, the contracting officer shall ensure that the government will receive adequate consideration in return and that the contractor and any subcontractor will not be placed in a favored competitive position. When negotiating the price or fee of the prime contract, the contracting officer shall take into consideration the fact that subcontractors have been authorized rent-free use of government facilities.

(b) The contracting officer may also include a clause in a contract or contract modification that authorizes rent-free use of government facilities by the contractor or its' subcontractor even though the facilities contract has not yet been issued. In this event, the contracting officer shall include in the contract, or contract modification, a list of the facilities and the estimated quantities to be provided. The facilities shall be identified by type as specifically as possible. Examples of types of facilities would be buildings, pavements, machine tools, and production, processing, handling, laboratory, or testing equipment. The estimated cost of the facilities shall be listed and the cost shall include the total dollar value of the required facilities expenditures plus the acquisition cost of the items to be furnished directly from the industrial reserve or from other government sources. Include a statement that the government will not provide industrial facilities costing $1,000 or less.

45.404-91 Contract clauses.

(a)(1) The contracting officer shall insert the clause at 52.245-9000 in solicitations and contracts for supplies, services, or research and development when the contractor is authorized to use government facilities on a rent-free basis.

(2) If specified subcontractors are authorized to use government facilities on a rent-free basis in the performance of specified subcontract items, the contracting officer shall use the clause with its Alternate I.

(b) The contracting officer shall insert the clause at 52.245-9001 in solicitations and contracts for supplies, services or research and development when the contractor or subcontractor is authorized to use government facilities on a rent-free basis and the facilities contract or subcontract under which the contractor or subcontractor will be provided the facilities has not yet been issued or an existing facilities contract or subcontract has not yet been modified.

(c) The contracting officer shall insert the clause at 52.245-9002 in solicitations and contracts for supplies, services, or research and development when a subcontractor and not the prime contractor is authorized to use government facilities on a rent-free basis.

(d) The contracting officer shall insert the clause at 52.245-9003 in solicitations and contracts for supplies, services, or research and development when a subcontractor and not the prime contractor is authorized to use government facilities on a rent-free basis and the facilities contract under which the subcontractor will be provided the facilities has not yet been issued or an existing facilities contract with the subcontractor has not yet been modified.

PART 45--GOVERNMENT PROPERTY

SUBPART 45.6--REPORTING, REDISTRIBUTION, AND DISPOSAL OF CONTRACTOR INVENTORY

5.608 Screening of contractor inventory.

5.608-5 Special items screening.

Vehicles which are excess to contractual requirements shall be reported on a SF 1428 (old DD Form 543) Inventory Schedule and screened in accordance with DOD FAR Sup 45.608-70, Contractor Inventory Redistribution System (CIRS).

5.610 Sale of surplus contractor inventory.

5.610-3 Proceeds of sale.

(a) Proceeds from the sale of surplus contractor inventory are to be credited (by credit memorandum) as prescribed in FAR 45.610-3. If credit to the instant contract is not practicable or if timely instructions are not received from the PCO or TCO, the contractor shall be requested to remit the proceeds to the plant clearance officer. The plant clearance officer shall prepare a DD Form 1131, Cash Collection Voucher, and annotate the form: "From the sale of contractor inventory - remit to Miscellaneous Receipts of the Treasury."

(b) Proceeds for the sale of property accountable to an unfunded facilities contract or unfunded use agreement shall be credited in an equitable manner to active/open production, service, or supply contracts which were supported by the facilities contract or use agreement. If this is not practicable, the proceeds shall be remitted to the plant clearance officer who shall prepare the DD Form 1131 as described in paragraph (a) above.

(c) Completed DD Forms 1131 shall be forwarded to the appropriate disbursing office with a request that, after credit action is complete, three copies of the form are to be returned to the plant clearance officer. The plant clearance officer shall initiate corrective action if proceeds are improperly applied.

(d) The plant clearance officer shall send a copy of the returned DD Form 1131 to the assigned ACO or TCO, a copy to the PCO, and retain a copy for the plant clearance case file.

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PART 45--GOVERNMENT PROPERTY

SUBPART 45.71--FORMS, INSTRUCTIONS, AND REPORTS

45.7101 Forms,

45.7101-6 DD Form 1638, Report of Excess and Surplus Contractor Inventory.

The report control symbol for this report is RCS:DD-1SL(Q)1430.

45.7102 Instructions.

45.7102-1 Instructions for performing inventory verification and determination of allowability.

When preparing a sampling guide use the minimum sampling standards indicated below. If significant discrepanices are revealed, increase sampling size.

(a) To determine which of the items listed on inventory schedules should be subjected to verification, all of the inventory schedules which comprise any one class would comprise one lot (e.g., all Schedule A items would comprise one lot, and so on);

(b) Each lot shall be examined to determine the number of lines in each of the dollar groupings in column A below;

(c) The percentage in column B shall be applied to the total number of such lines in each dollar grouping to obtain the number of lines to be verified. Example: Assume that one lot of all items listed on Schedule B consists of 20 pages with a total of 160 lines of various items of Raw Material, Purchased Parts, and so forth. To determine the minimum number of lines of the total of 160 which are to be verified, the steps outlined above are applied as follows:

A	B
Line Extension Dollar Amount	Percentage
$ 1 to $ 49.99	5%
50 to 499.99	10%
500 to 2,499.99	25%
2,500 to 4,999.99	50%
5,000 and over	100%

Line Extension Dollar Amount	Total Number of Lines	Percentage	Total Number of Lines to be Verified
$ 1 to $ 49.99	100	5%	5
50 to 499.99	10	10%	1
500 to 2,499.99	16	25%	4
2,500 to 4,999.99	20	50%	10
5,000 and over	14	100%	14
TOTAL	160		34

TABLE OF CONTENTS

PART 47--TRANSPORTATION

SUBPART 47.3--TRANSPORTATION IN SUPPLY CONTRACTS

Paragraph	Title	Page
47.305	Solicitation provisions, contract clauses, and transportation factors.	47.3-1
47.305-9	Commodity description and freight classification.	47.3-1

PART 47--TRANSPORTATION

SUBPART 47.3--TRANSPORTATION IN SUPPLY CONTRACTS

47.305 Solicitation provisions, contract clauses, and transportation factors.

47.305-9 Commodity description and freight classification.

(a) Each IFB or RFP that provides for delivery other than FOB specified destinations may, if desired, include an AF Form 3037 to enable evaluation of competitive bids and to assist in routing shipments.

(b) When the contracting officer has received competitive bids on other than FOB specified destinations and the acquisition is in quantities involving shipment(s) equal to or exceeding carload or truckload shipments, the contracting officer shall complete items 1 through 3 and columns "a" through "i" of DD Form 1654, Evaluation of Transportation Factors. The contracting officer shall attach AF Form 3037, as submitted by the bidder(s), to the DD Form 1654 and forward both forms to the nearest transportation office for the completion of the remainder of DD Form 1654, to obtain transportation rates and routing information for use in bid or proposal analysis when transportation information may be a factor in making the award. Thereafter, the contracting officer shall insert completed copies of AF Form 3039, Transportation Data (Contract), in the resultant contract.

(c) When the contracting officer has requested transportation data (IFB or RFP) on the AF Form 3037 and it is not necessary to forward the form to the transportation office for evaluation of the freight rates, the contracting officer shall complete AF Form 3039, except for paragraphs three and four. This form shall then be provided the contractor at the time the contracting officer gives the routing information to the contractor.

TABLE OF CONTENTS

PART 49--TERMINATION OF CONTRACTS

his Part is being revised and, when approved, shall be issued as rt of a formally numbered change to this AF FAR Supplement.)

PART 49--TERMINATION OF CONTRACTS

1. This Part is being revised and when approved, shall be issued as part of a formally numbered change to this AF FAR Supplement. In the meantime, users shall comply with the requirements of AF DAR Supplement Section VIII, as revised by the following AF Acquisition Circulars (AFACs):

Paragraph	AFAC # and Item # Section A
8-210.1	83-1, XIV
8-650.3(d)(3)(G)	83-16, VII
8-712.50 (added)	83-16, VI
8-850 (a)(1)	82-1, XXI
(2)(F)	82-1, XXI
(3)(E)	82-1, XXI
(H)	82-1, XXI
(K)	82-1, XXI

2. The clause at AF DAR Sup 7-108.50 added by AFAC 83-16, Section A, Item VI, is to be used when applicable. The clause shall be added to AF FAR Sup Subpart 52.2 and issued as part of the same Change that includes AF FAR Sup Part 49.

TABLE OF CONTENTS

PART 50--EXTRAORDINARY CONTRACTUAL ACTIONS

PART 50.2--DELEGATION OF AND LIMITATIONS ON EXERCISE OF AUTHORITY

agraph	Title	Page
201	Delegation of authority.	50.2-1
203	Limitations on exercise of authority.	50.2-5

SUBPART 50.3--CONTRACT ADJUSTMENTS

agraph	Title	Page
305	Processing cases.	50.3-1
305-90	Investigations.	50.3-1
306	Disposition.	50.3-4
306-90	Disposition below the Secretarial level.	50.3-4

PART 50--EXTRAORDINARY CONTRACTUAL ACTIONS

SUBPART 50.1--GENERAL

50.104 Reports.

Counsel for the Air Force Contract Adjustment Board (SAF/GC) submits the report to Congress through the Office of the Secretary of Defense pursuant to DODI 4105.54 based on final records supported by Memoranda of Decision for relief granted or denied pursuant to FAR Subpart 50.3 and Memoranda of Decision for approvals of relief granted pursuant to FAR Subpart 50.4.

50.105 Records.

(70) Records of requests and dispositions.

(1) General. (i)(A) The activity responsible for the case under 50.201(70)(1) shall prepare the preliminary record prescribed by DOD FAR Sup 50.303(71) and forward it to Counsel for the Air Force Contract Adjustment Board (SAF/GC), through HQ USAF/RDCX in accordance with (B) below.

(B) Upon receipt of a request, the contracting activity without delay will prepare and send the preliminary record required by DOD FAR Sup 50.303(71), including any preliminary record applicable to FAR 50.4, described in DOD FAR Sup 50.105(70)(2) to the appropriate addressee. Those contracting activities, other than AFLC, having delegated authority under 50.201(70)(1) will send the cards direct to HQ USAF/RDCX. Those contracting activities without delegated authority will send the cards to AFLC/PMM in quadruplicate. Each month AFLC will forward the preliminary cards for their command and those activities described in 50.201(70)(1)(iv) to HQ USAF/RDCX.

(ii) The activity responsible for the case under 50.201(70)(1) shall prepare the final record prescribed by DOD FAR Sup 50.306(70)(iii) and forward it together with the other documents described in DOD FAR Sup 50.306(70) to Counsel for the Air Force Contract Adjustment Board (SAF/GC), through AF/RDCX.

(iii) Memoranda of Decision executed pursuant to FAR 50.403-2 shall be provided to Counsel for the Air Force Contract Adjustment Board (SAF/GC).

PART 50--EXTRAORDINARY CONTRACTUAL ACTIONS

SUBPART 50.2--DELEGATION OF AND LIMITATIONS ON EXERCISE OF AUTHORITY

50.201 Delegation of authority.

(70) Authority delegated.

(1) Departments of the Army, Navy, and Air Force. (i) The Director of Contracting and Manufacturing Policy, DCS/RD, has been authorized by Secretary of the Air Force Order 640.11 dated September 1978 to perform the following actions which obligate the United States for $50,000 or less:

(A) Deny any request for contractual adjustment under FAR Subpart 50.3.

(B) Approve, authorize, and direct appropriate action, subject to the limitations set forth in FAR 50.203, and to make all determinations and findings which are necessary or appropriate, in the examples of mistake and informal commitment described in FAR 50.302-2 and 50.302-3, including, where necessary thereto, authority to modify or release unaccrued obligations of any sort and to extend delivery and performance dates.

(C) Submit to the Air Force Contract Adjustment Board for determination, together with a recommendation--

(1) Any case for a specific adjustment where the Director does not have authority to approve.

(2) Any doubtful or unusual case.

(ii) The authority cited in (i) above has been redelegated to the Commanders, Air Force Logistics Command, and Air Force Systems Command, with authority to make successive redelegations, under such terms, conditions, and limitations as may be deemed appropriate, to the following within their respective commands:

(A) Air Force Logistics Command. To the Deputy Chief of Staff and the Assistant Deputy Chief of Staff, Contracting and Manufacturing. This authority may be redelegated to commanders of the Air Logistics Centers and Acquisition Logistics Division in cases when the amount requested would not obligate the government in excess of $5,000.

(B) Air Force Systems Command. To the Deputy Chief of Staff or Assistant DCS Contracting and Manufacturing.

(iii) The authority cited in (i) above has been redelegated to the commanders of contracting activities set forth in DOD FAR Subpart 2.1

(except for AFLC and AFSC) in cases when the amount requested would not obligate the government in excess of $5,000. This authority may be further redelegated, in writing, to their respective deputy chief of staff, logistics.

(iv) Requests for contractual adjustment arising under contracts of commands and separate operating agencies to which authority has not been delegated shall be transmitted for appropriate action to the Air Force Logistics Command (HQ AFLC/PMM).

(v) Requests to the Air Force Contract Adjustment Board shall be submitted in accordance with DOD FAR Sup 50.305(70) and shall be accompanied by the recommendation of the following for the actions which they process:

(A) The Deputy Chief of Staff, Research, Development and Acquisition or the person acting for the time being as Deputy Chief of Staff, R&D or the Director of Contracting and Manufacturing Policy (HQ USAF/RDC), Office, Deputy Chief of Staff, R&D.

(B) The Commander, Air Force Logistics Command, or the Deputy Chief of Staff, Contracting and Manufacturing, Air Force Logistics Command.

(C) The Commander, Air Force Systems Command, or the Deputy Chief of Staff, Contracting and Manufacturing, Air Force Systems Command.

(D) The commander, or the deputy chief of staff, logistics, or other contracting activities (as set forth in DOD FAR Subpart 2.1 through which the request arose.

(vi) Two copies of each redelegation made pursuant to (ii) above shall be forwarded to the Air Force Contract Adjustment Board through HQ USAF/RDC.

(vii) Notwithstanding the delegation of authority specified above:

(A) The Air Force Contract Adjustment Board shall serve as the exclusive point of contact with other military departments, or other departments or agencies of the government, relative to the exercise of authority under Public Law 85-804. Accordingly, any request for information or action directed to another military department or another department or agency of the government relative to the exercise of authority under Public Law 85-804 shall be sent to the Air Force Contract Adjustment Board, through HQ USAF/RDC, for appropriate action. Similarly, responses to requests from another military department for a determination of essentiality pursuant to FAR 50.305 shall be prepared by HQ USAF/RDC and signed by the Chairman of the Air Force Contract Adjustment Board. A recommendation that a contractor be considered essential must be supported by a determination as required in 50.305-90(e)(3). In addition to the requirements of 50.305-90(e)(3), the determination should include a statement of the amount, if any, the Air Force would be willing to contribute to relief granted the contractor.

(B) The Board is authorized (at its discretion): (a) to consider a request for relief when requested by either the authorities specified in (i)-(vi) above or the claimant, and

(b) to direct the authorities specified in (i)-(vi) above to refer a request for relief to the board for consideration. The board is authorized to approve, in whole or in part, and to authorize and direct appropriate action, or to deny, any such request for relief.

(viii) The delegation of authority under Public Law 85-804 within the Air Force, including the authority delegated above, is summarized in the following matrix:

AUTHORITY UNDER P.L. 85-804

If the request is -	Air Force Contract Adjustment Board	HQ USAF --	HQ AFLC/HQ AFSC	ALCs, ALDs, and Procuring Activities (Other than AFLC & AFSC)
1. For an amendment without consideration. 2. For correction of mistake or formalization of aninformal commitment in an amount-- a. More than $50,000. b. Which results in a contract price in excess of the next lowest bid or proposal.	May deny or approve.	May deny or recommend approval to AFCAB.	May deny or recommend approval to AFCAB through HQ USAF.	Shall submit recommendations to HQ AFLC.
c. More than $5,000 but not more than $50,000.		May deny or approve.	May deny or approve.	
d. $5,000 or less.				May deny or approve.
3. An exxercise of "residual powers." 4. A doubtful or unusual request. 5. When directed to refer the request to the AFCAB.		Shall submit a recommendation to AFCAB.	Shall submit a recommendation to AFCAB through HQ USAF.	Shall submit a recommendation to HQ AFLC.

50.203 Limitations on exercise of authority.

(e) The exercise of authority by officers and officials below the Secretarial level pursuant to 50.201(70)(1)(ii)(A) and (iii) shall be subject to the following additional limitations:

(1) The action shall not obligate the government in an amount in excess of $5,000.

(2) The action shall not release a contractor from performance of an obligation--

(i) Priced in excess of $5,000; or

(ii) When reacquisition is contemplated, unless the approving authority finds that the estimated actual or potential increase in cost to the government will not exceed $5,000.

PART 50--EXTRAORDINARY CONTRACTUAL ACTIONS

SUBPART 50.3--CONTRACT ADJUSTMENTS

50.305 Processing cases.

50.305-90 Investigations.

(a) General. A contracting office which has received a request for contractual adjustment under P.L. 85-804 is responsible for the investigation of the facts and issues relating to the request.

(1) Within 10 calendar days after receipt of a contractor's request for relief, the contracting office shall acknowledge receipt.

(2) The letter of acknowledgement will identify any additional information that is needed before the contracting office begins processing the request, and will advise the contractor that the additional information must be submitted within 30 calendar days.

(3) The contractor will also be advised that failure to submit the information within the allotted time may result in denial of the request.

(b) Forwarding to approving authority. (1) The contracting office shall assemble and forward the preliminary file described in 50.305-90(d) to the approving authority identified in 50.201(70)(1)(ii) or (iii) within 10 calendar days after receipt of a request complying with FAR 50.303. Upon receipt of the preliminary file, a designated reviewing office of the approving authority shall review the claim and initiate discussions with the contracting office. The discussions shall be used to coordinate the scope of the investigation and develop a mutual understanding of what is required to expeditiously render a decision on the request for relief. The contracting office shall submit the completed file described in 50.305-90(e) within 90 calendar days from receipt of the request, accompanied by any additional facts and evidence necessary to act upon the contractor's request.

(2) Within 30 days after receipt of the completed file, which will include the contracting officer's recommendation and a proposed Memorandum of Decision, the approving authority, if authorized to do so, shall sign a Memorandum of Decision approving or denying, in whole or in part, the contractor's request for relief.

(i) Within the Air Force Systems Command, when the approving authority is not authorized to grant the recommended relief, the approving authority shall forward the completed file and recommendation to HQ USAF/RDCX for further processing to HQ USAF/RD and the Air Force Contract Adjustment Board.

(ii) In all other cases, when the approving authority is not authorized to grant the recommended relief, the approving authority shall forward the completed file and recommendation to the approving authority at HQ AFLC (if not already at that level) for review and disposition. If the approving authority at HQ AFLC is not authorized to grant the recommended relief, that authority shall forward the completed file and recommendation to HQ USAF/RDCX for further processing to HQ USAF/RD and the Air Force Contract Adjustment Board.

(c) Preliminary file. The preliminary file shall consist of the following:

(1) Purchase request (PR) and other documents reflecting previous prices paid.

(2) Solicitation, including amendments.

(3) Findings and determination rendered.

(4) Abstract of bids or proposals.

(5) Contract awarded and all change orders or supplemental agreements.

(6) Contractor's request for relief.

(7) Contracting activity's letter acknowledging contractor's request for relief or requesting additional information.

(8) Any additional documentation pertinent to the request for relief.

(d) Completed file. In addition to a current version of the documents in the preliminary file, the completed file should also include:

(1) The contracting officer's recommendation and comments should state whether, in the contracting officer's opinion, the contractor's request should be approved in whole or in part, or denied. If the contracting officer recommends approval involving a change in the contract price or other payment to the contractor, the recommendation should specify the dollar amount which the contracting officer considers fair and reasonable and include supporting evidence. The contracting officer's comments will include--

(i) A statement of facts based on the contracting officer's knowledge of the circumstances;

(ii) A statement as to whether the contractor has submitted the information required by FAR 50.303, or requested by the contracting fficer pursuant to FAR 50.304, and commenting on the accuracy and ompleteness of information so received;

(iii) A statement, when approval is recommended, of why other legal uthority is deemed to be lacking or inadequate;

(iv) A statement of the extent of performance and whether erformance to date has been satisfactory;

(v) Whether the contractor is a small or large business, if not tated in the contract;

(vi) When the contractor has alleged a mistake, a statement of when he alleged mistake was first brought to the contracting officer's ttention; whether the contracting officer believes that a mistake ctually occurred, and, if so, how it occurred - for example, through lerical or mathematical error in the contractor's offer, through an rror in the bid, etc.; and whether, in advertised contracts, the contracting officer rquested verification of the bids;

(vii) When the contractor has alleged an informal commitment, a statement of the action taken by the government; whether the government actually received supplies or services as a result of that action; and evidence to support or preclude a finding that the informal commitment was made at a time when it was impracticable to use normal contracting procedures; and

(viii) Such additional evidence as the contracting officer considers pertinent.

(2) Audit report, if such a report is required;

(3) In cases in which relief is to be granted in the form of an amendment without consideration based on a contractor being essential to the national defense, a determination attesting to the contractor's essentiality. The determination shall include a detailed statement of the contractor's financial condition and projection of financial assistance needed for continued viability, the availability of alternate sources, mission impact if the contractor cannot continue to perform on current Air Force contracts and the estimated cost and impact of a delay to develop another source. Prior to submission of the request to the Air Force Contract Adjustment Board, the Chief of Staff or Deputy Chief of Staff, Research, Development and Acquisition shall sign a determination of contractor essentiality. The determination shall be coordinated with any other Deputy Chief of Staff whose office has program responsibility for the contract item(s) on which the determination is based.

(4) Additional facts and evidence requested pursuant to FAR 50.304 and not previously submitted.

(e) Original documents. Files submitted by the contracting activity should contain as many original documents as possible. However, since the file submitted will remain with the approval authority following a final decision, official documents to be included in the contract file should be retained by the contracting activity.

50.306 Disposition.

50.306-90 Disposition below the Secretarial level.

(a) Disposition. Authority to deny contractors' requests has not been delegated to contracting officers at any level. All contractors' requests must be forwarded for action required by 50.305-90 above.

(b) Records. For all cases processed in accordance with 50.305-90 which are submitted to or through HQ AFLC for final action, the following copies should be submitted.

(1) Six copies of the memorandum of decision.

(2) Two copies of the contractual document implementing the decision.

TABLE OF CONTENTS

PART 52--SOLICITATION PROVISIONS AND CONTRACT CLAUSES

SUBPART 52.2--TEXTS OF PROVISIONS AND CLAUSES

agraph	Title	Page
.204-1	Approval of Contract.	52.2-1
.204-9000	Notification of Government Security Activity.	52.2-1
.207-3	Right of First Refusal of Employment.	52.2-3
.223-9000	Waiver of Material Safety Data Sheet.	52.2-4
.223-9001	Material Safety Data Sheet.	52.2-4
.223-9002	Material Safety Data Sheet - Local Purchase.	52.2-4
.223-9003	Material Safety Data Sheet Submission Certification.	52.2-4
.223-9004	Safety and Accident Prevention.	52.2-6
.229-9000	New York State and Local Sales and Use Tax-Construction and Repair of Government-Owned Realty.	52.2-8
2.229-9001	Montana "Public Contractors" License Fees.	52.2-9
2.237-9000	Extension After Performance.	52.2-11
2.243-1	Changes-Fixed Price.	52.2-12
2.243-2	Changes-Cost Reimbursement.	52.2-12
2.243-3	Changes-Time-and-Materials or Labor-Hours.	52.2-12
2.243-4	Changes.	52.2-12
2.245-9000	Use of Government Facilities on a Rent-Free Basis.	52.2-13
2.245-9001	Use of Government Facilities on a Rent-Free Basis (Facilities to be Provided).	52.2-14
52.245-9002	Subcontractor Use of Government Facilities on a Rent-Free Basis.	52.2-15
52.245-9003	Subcontractor Use of Government Facilities on a Rent-Free Basis (Facilities to be Provided).	52.2-16
52.245-9004	Temporary Recall of Aerospace Vehicles and Support Equipment.	52.2-16

PART 52--SOLICITATION PROVISIONS AND CONTRACT CLAUSES

SUBPART 52.2--TEXTS OF PROVISIONS AND CLAUSES

52.204-1 Approval of Contract.

As prescribed in 4.103, insert the following special contract requirement in Section H of the Schedule:

SECRETARIAL APPROVAL OF CONTRACT (APR 1984)

The agency official designated to approve this contract as required by the clause entitled "Approval of Contract" is the Secretary or a duly authorized representative.

(End of Clause)

52.204-9000 Notification of Government Security Activity.

As prescribed in 4.492, insert the following clause in solicitations and contracts:

NOTIFICATION OF GOVERNMENT SECURITY ACTIVITY (APR 1984)

Thirty days before the date Contractor operations will begin on base, the Contractor shall notify the security policy activity shown in the distribution block of the DD Form 254, DOD Contract Security Classification Specification, as to--

(a) The name, address, and telephone number of this contract company's representative in the U.S. or oversea area, as appropriate;

(b) The contract number and military contracting command;

(c) The highest classification category of defense information to which Contractor employees will have access;

(d) The Air Force installations in the U.S. (in oversea areas identify only the APO number(s) where the contract work will be performed;

(e) The date Contractor operations will begin on base in the U.S. or in the oversea area;

(f) The estimated completion date of operations on base in the U.S. or in the oversea area; and

(g) Any changes to information previously provided under this clause.

(End of Clause)

207-3 Right of First Refusal of Employment.

s prescribed in 7.305, insert the following special contract quirement in Section H of the Schedule:

PLEMENTATION OF THE RIGHT OF FIRST REFUSAL OF EMPLOYEMNT CLAUSE (APR 84)

To comply with the requirements of the Right of First Refusal of nployment clause of this contract, the following procedures apply:

(a) Within 10 days after contract award, the Contractor shall urnish employment application forms to the Contracting Officer. The ontracting Officer will specify the number of copies required.

(b) The Contracting Officer shall give the Contractor a list of the ames of Air Force employees that are to be involuntarily separated. Vithin one week after contract start date, the Contractor shall give the Contracting Officer a list of the names of any applicants who were named on the involuntary separated list and the list shall identify the former Air Force employees who--

(1) Rejected offers of employment;

(2) Have been or will be hired;

(3) Were not offered jobs because they were not qualified; and

(4) Were qualified but not offered a job because there were not enough jobs.

(c) The Contracting Officer shall also give the Contractor a list of names of Air Force employees who have been involuntarily separated. The Contractor shall give the Contracting Officer the names of all individuals identified on this list who are hired within 90 days of the contract start date. This notification shall be made within five days after the individual is hired.

(End of Clause)

52.223-9000 Waiver of Material Safety Data Sheet.

As prescribed in 23.303(a), insert the following clause in contracts:

WAIVER OF MATERIAL SAFETY DATA SHEET (APR 1984)

Under its offer, the Contractor has certified that the material called for in this contract is not hazardous within the meaning of the Hazardous Material Identification and Material Safety Data clause of this contract or that a Material Safety Data Sheet (MSDS) for the material has been previously submitted. For that reason, the Contractor is not required to submit a MSDS.

(End of clause.)

52.223-9001 Material Safety Data Sheet.

As prescribed in 23.303(b), insert the following clause in contracts:

MATERIAL SAFETY DATA SHEET (APR 1984)

(a) The Contractor shall mail two copies of the Material Safety Data Sheet (MSDS) required by the Hazardous Material Identification and Material Safety Data clause of this contract to the following address instead of the address given in Federal Standard No. 313A: HQ USAF/ECH, Brooks AFB TX 78235.

(b) The Contractor shall verify that the National Stock Number, trade or part name, Federal Supply Code for Manufacturers (FSCM), and contract number are included in the MSDS.

(End of clause.)

52.223-9002 Material Safety Data Sheet - Local Purchase.

As prescribed in 23.303(c), insert the following clause in contracts:

MATERIAL SAFETY DATA SHEET - LOCAL PURCHASE (APR 1984)

(a) The Contractor shall mail one copy of the Material Safety Data Sheet (MSDS) required by the Hazardous Material Identification and aterial Safety Data clause of this contract to the following address nstead of the address given in the Federal Standard No. 313A:

(Insert the address for the base medical facility and mark for Bioenvironmental Engineering Section/Medical Facility.)

(b) The Contractor shall verify that the National Stock Number, trade or part name, Federal Supply Code for Manufacturers (FSCM), and contract number are included in the MSDS.

(End of clause.)

52.223-9003 Material Safety Data Sheet Submission Certification.

As prescribed in 23.390, insert the following provision in solicitations:

MATERIAL SAFETY DATA SHEET SUBMISSION CERTIFICATION (APR 1984)

(a) To assure positive and complete identification of hazardous material, an initial submission of a certified Material Safety Data Sheet (MSDS) is required for each item in the FSCs indicated in Table I, Appendix A, Fed Std 313A whether or not the offeror considers the material to be hazardous. However, subsequent submission by the offeror of a MSDS for that specific item may not be required by the Government provided the offeror represents by the completion of paragraph (c) below that a MSDS had been submitted previously to a U.S. Government agency and there has been no change affecting the characteristics and/or composition of the material since such submission.

(b) If the material called for in this solicitation is an FSC other than those indicated in Table I, Appendix A, Fed Std 313A, the offeror represents and certifies as a part of its' offer that such material ( ) is ( ) is not hazardous within the meaning of FAR 52.223-3. If such material is hazardous, submission of a MSDS is required unless, in consideration of the certification and information furnished in paragraph (c) below, the Government specifies in the award document that such submission is not required.

(c) The offeror certifies that a MSDS for the material called for in this solicitation has been submitted previously to a U.S. Government agency, that there has been no change affecting the characteristics and/or composition of the material since such submission, and that the following information concerning such previous submission applies:

Name of Agency____
Contract Number______________________________________

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Date of Previous Submission____________________
NSN____
FSCM/Part Number_________________________________
Trade Number (if applicable)_____________________
Specification Number (if applicable)______________

(d) A copy of Fed Std 313A may be obtained from the GSA Business Service Centers in Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, (Mo), Fort Worth, Denver, San Francisco, Los Angeles, and Seattle. A copy of Form OSHA-20 and DD Form 1813 is contained in Fed Std 313A.

(End of clause.)

52.223-9004 Safety and Accident Prevention.

As prescribed in 23.9002, insert the following clause in solicitations and contracts:

SAFETY AND ACCIDENT PREVENTION (APR 1984)

(a) In performing work under this contract on a Government installation, the Contractor shall--

(1) Conform to the specific safety requirements established by this contract;

(2) Comply with the safety rules of the Government installation that concern related activities not directly addressed in this contract;

(3) Take all reasonable steps and precautions to prevent accidents and preserve the life and health of Contractor and Government personnel performing or in any way coming in contact with the performance of this contract; and

(4) Take such additional immediate precautions as the Contracting Officer may reasonably require for safety and accident prevention purposes.

(b) If this contract is performed on an Air Force installation, the Air Force Occupational Safety and Health Standards (AFOSH) developed in accordance with AFR 127-12, in effect on the date of this contract, apply. If contract performance is on other than an Air Force installation, the Contractor shall comply with the safety rules of that Government installation, in effect on the date of this contract.

(c) The Contracting Officer may, by written order, direct additional AFOSH and safety and accident standards as may be required in the performance of this contract and any adjustments resulting from such direction will be in accordance with the Changes clause of this contract.

(d) Any violation of these safety rules and requirements, unless promptly corrected as directed by the Contracting Officer, shall be grounds for termination of this contract in accordance with the Default clause of this contract.

(End of clause.)

52.229-9000 New York State and Local Sales and Use Tax-Construction and Repair of Government-Owned Realty.

As prescribed in 29.390, insert the following clause in solicitations and contracts:

NEW YORK STATE AND LOCAL SALES AND USE TAXES-CONSTRUCTION AND REPAIR OF GOVERNMENT-OWNED REALTY (APR 1984)

(a) Work called for by Items _______________ of this contract is considered to be in the nature of repairs to real property. New York State sales and use tax law exempts such projects and thus the Contractor shall not pay taxes on materials purchased for incorporation into the project. However, the Contractor is subject to sales or use taxes on equipment, tools, and supplies rented or purchased for the project but not incorporated therein. The Contractor, therefore, certifies that purchases of the type mentioned in the preceding sentence have been included in the contract price.

(b) If, notwithstanding the foregoing, the Contractor is required to pay or bear the burden from New York State and local sales or use taxes on materials incorporated or services rendered in fulfillment of this project, including any interest or penalty incurred thereon, the contract price shall be correspondingly adjusted to cover same; provided that such taxes, interest, or penalty were not incurred through the fault or negligence of the Contractor or its failure to follow the instructions of the Contracting Officer. The contract price shall be correspondingly decreased, if following an adjustment under this clause, the Contractor obtains a credit, refund, or drawback of such taxes, interest, or penalty. The contract price shall be similarly decreased if the Contractor, through its' fault or negligence or failure to follow the instructions of the Contracting Officer does not obtain a refund, credit, or drawback of such taxes, interest or penalty. Interest paid or credited to the Contractor incident to a refund of such taxes shall inure to the benefit of the Government to the extent that such interest was earned after the Contractor was paid or reimbursed by the Government for such taxes.

(c) The Contractor shall promptly notify the Contracting Officer of any matter which may result in a price adjustment under this clause and shall take action as directed by the Contracting Officer. The contract price shall be equitably adjusted to cover the costs of such action, including interest, penalties, and reasonable attorney's fees.

(End of clause.)

52.229-9001 Montana "Public Contractors" License Fees.

As prescribed in 29.391, insert the following clause in solicitations and contracts:

MONTANA "PUBLIC CONTRACTORS" LICENSE FEES (APR 1984)

Notwithstanding any other provision of this contract--

(a) The contract price includes the license fees imposed by the State of Montana on "public contractors" under the provision of Title 84, chapter 35, Revised Codes of Montana, 1947, as amended, with respect to this contract and any subcontracts awarded hereunder;

(b) Section 84-3514, R.C.M., 1947, as amended, provides that personal property taxes paid in Montana on any personal property of the contractor (or subcontractor) which is used in the business of the Contractor (or subcontractor) may be credited against the license fees (including the license fee based on gross receipts) required under section 84-3505, R.C.M., 1947, as amended. The Contractor (or subcontractor) shall take advantage of this allowed credit by claiming a refund against the payments of the license fee based on gross receipts resulting from this contract for all personal property taxes paid on Contractor's (or subcontractor's) equipment used in the performance of this contract, or that amount of said personal property taxes as is required to reduce the gross reciepts tax payment on this contract to zero;

(c) Nothing herein shall be construed to limit the right of the Contractor (or subcontractor) to apply for and receive credits on its Montana corporation license taxes (Title 84, chapter 15, R.C.M., 1947, as amended, or income tax (Title 84, chapter 49, R.C.M. 1947, as amended) depending upon the type of tax Contractor (or subonctractor) is required to pay under the laws of the State of Montana, for payments of license fee based on gross receipts required under section 84-3505, R.C.M., 1947, as amended, made under this contract. The Government shall have no right or interest in the benefit from such credits which are allowed. However, the Contractor shall not apply for and receive credits on its corporation license tax or income tax until it has claimed all refunds available for personal property taxes paid with respect to the contract;

(d) The Government reserves the right to direct the Contractor, and the Contractor, in turn, shall reserve the right to direct all subcontractors to take all necessary action to contest the validity of these fees, and the contract price shall be equitably adjusted to cover the cost of such action, including reasonable attorney's fees;

(e) If the Contractor, or a subcontractor, is not required to pay or bear the burden, or obtains a refund in whole or in part of these fees, the contract price shall be decreased by the amount of such relief or refund allocable to this contract, or that amount shall be paid to the Government as the Contracting Officer directs;

(f) The Contractor shall promptly notify the Contracting Officer of matters which may result in either an increase or decrease in the contract price. The contract price shall not be adjusted if the amount involved is under $100;

(g) The Contractor shall maintain, and shall require all subcontractors to maintain, accurate records of all payments of the fees under this contract; and

(h) The Contractor, and any subcontractor, will pay the license fees under written protest (as required by Title 84, chapter 45, R.C.M., 1947, as amended). The ground for protest shall include but not be limited to the following statements:

(1) The said fees are invalid in that they unconstitutionally, discriminate against the United States and persons dealing with the United States.

(2) The Act imposing said fees is invalid in that it unconstitutionally interferes with the Federal Government's power to select contractors and schedule construction and is in conflict with Federal laws regulating procurement.

(3) The said fees deny the taxpayer the right to equal protection of law and due process of law in that the classifications created by the Act enacting said fees are arbitrary and capricious, and discriminate against the United States and persons with whom it deals.

(End of clause.)

52.237-9000 Extension After Performance.

As prescribed in 37.110, insert the following clause in solicitations and contracts:

EXTENSION AFTER PERFORMANCE (APR 1984)

Notwithstanding any other clause of this contract, including option clauses, if offers have been competitively solicited for the continuation of the services provided under this contract, the Government may extend the then current contract performance period for not less than one month nor more than three months on the same terms and conditions as applicable to the then current performance period. A written notice of an extension under this clause shall be furnished to the Contractor not less than 15 days prior to the expiration of the existing contract.

(End of clause.)

52.243-1 Changes-Fixed Price.

If considered desirable, the contracting officer is authorized to change the claim adjustment assertion period in the Changes-Fixed Price clause from 30 to 60 days.

52.243-2 Changes-Cost Reimbursement.

If considered desirable, the contracting officer is authorized to change the claim adjustment assertion period in the Changes-Cost Reimbursement clause from 30 to 60 days.

52.243-3 Changes-Time-and-Materials or Labor-Hours.

If considered desirable, the contracting officer is authorized to change the claim adjustment assertion period in the Changes-Time-and-Materials or Labor-Hours clause from 30 to 60 days.

52.243-4 Changes.

If considered desirable, the contracting officer is authorized to change the claim adjustment assertion period in the Changes clause from 30 to 60 days.

52.245-9000 Use of Government Facilities on a Rent-Free Basis.

As prescribed in 45.404-91(a)(1), insert the following clause in solicitations and contracts:

USE OF GOVERNMENT FACILITIES ON A RENT-FREE BASIS (APR 1984)

(a) In the performance of this contract, the Contractor is authorized the rent-free use of the Government facilities provided under Facilities contract(s) ________ [add contract numbers] in effect on the date of this contract.

(b) If the Contractor enters into subcontracts with subcontractors who have Government facilities provided to them under facilities contracts which provide that rent-free use may be authorized, the Contracting Officer may authorize the use of such facilities on a rent-free basis, provided, that, (1) the Contracting Officer determines that such use will not give the subcontractor a favored competitive position and (2) this contract is amended to reflect adequate consideration to the Government for the use of such facilities on a rent-free basis. Such subcontracts shall specifically authorize the rent-free use and require the manual approval of the Contracting Officer. If the Contracting Officer determines that an elimination of charge for use of such facilities will of itself result in an adequate decreased cost to the Government under this contract, no further equitable adjustment to this contract is necessary.

(c) If the Government facilities provided to the Contractor or any subcontractor hereunder on a rent-free basis are increased or decreased or do not remain available during the performance of this contract, or if any change is made in the terms and conditions under which they are made available, such equitable adjustments, as may be appropriate, will be made in the terms of this contract, unless such increase or decrease was contemplated in the establishment of the price of this contract or subcontract.

(d) The Contractor agrees that it will not directly, through overhead charges or otherwise, include in the price of this contract, or seek reimbursement under this contract for any rental charge paid by the Contractor for the use on other contracts of the facilities referred to herein. Any subcontract hereunder which authorizes the subcontractor to use Government facilities on a rent-free basis shall contain a clause to the same effect as this paragraph (d).

(End of clause.)

Alternate I (APR 1984). As prescribed in 45.404-91(a)(2), add the following paragraph (e) to the basic clause:

(e) In the performance of the following subcontract items, the subcontractor is authorized the rent-free use of Government facilities provided to it under the following facilities contract, in effect on the date of this contract:

Subcontractor	Facilities Contract No.	Subcontract Item

(End of clause.)

52.245-9001 Use of Government Facilities on a Rent-Free Basis (Facilities to be Provided).

As prescribed in 45.404-91(b), insert the following clause in solicitations and contracts:

USE OF GOVERNMENT FACILITIES ON A RENT-FREE BASIS (FACILITIES TO BE PROVIDED) (APR 1984)

(a) The terms and conditions of this contract are based upon the understanding that the Contractor shall be provided the Government facilities identified as specifically as possible in the Schedule of this contract at the estimated cost stated. The parties agree to enter into a separate facilities contract, or to amend an existing facilities contract, as the case may be, at the earliest date practical. The provisions of the Use of Government Facilities on a Rent-Free Basis clause of this contract apply to the facilities to be provided. If this contract did not previously authorize rent-free use of Government facilities, then at the time the facilities contract is executed, or an existing facilities contract has been modified, this contract will be amended to include the clause at Air Force Federal Acquisition Regulation Supplement 52.245-9000, Use of Government Facilities on a Rent-Free Basis.

(b) It is agreed that if the Government facilities identified in the Schedule are not provided at the time and to the extent stated, upon timely written request of the Contractor, this contract shall be equitably adjusted.

(c) The procedures of this clause apply equally when the facilities listed in the Schedule are to be provided to a subcontractor and the terms and conditions of this contract are based upon that understanding.

(End of clause.)

52.245-9002 Subcontractor Use of Government Facilities on a Rent-Free Basis.

As prescribed in 45.404-91(c), insert the following clause in solicitations and contracts:

SUBCONTRACTOR USE OF GOVERNMENT FACILITIES ON A RENT-FREE BASIS (APR 1984)

(a) In the performance of the following subcontract items, the subcontractor is authorized the rent-free use of Government facilities provided to it under the following facilities contract, in effect on the date of this contract:

Subcontractor	Facilities Contract No.	Subcontract Item

(b) If the Contractor enters into subcontracts with future subcontractors who have Government facilities provided to them under facilities contracts which authorize rent-free use, the Contracting Officer may authorize the use of such facilities on a rent-free basis, provided that, (1) the Contracting Officer determines that such use will not give the subcontractor a favored competitive position and (2) this contract is amended to reflect adequate consideration to the Government for the use of such facilities on a rent-free basis. Such subcontracts shall specifically authorize the rent-free use and require the manual approval of the Contracting Officer. If the Contracting Officer determines that an elimination of charge for use of such facilities will of itself result in an adequate decreased cost to the Government under this contract, no further equitable adjustment to this contract is necessary.

(c) If the Government facilities provided to any subcontractor hereunder on a rent-free basis are increased or decreased or do not remain available during the performance of this contract, or if any change is made in the terms and conditions under which they are made available, such equitable adjustments, as may be appropriate, will be made in terms of this contract, unless such increase or decrease was contemplated in the establishment of the price of this contract or subcontract.

(d) The Contractor agrees that it will not directly or otherwise include in the price of this contract, or seek reimbursement under this contract for any rental charge paid by the subcontractor for the use on other of its' contracts the facilities referred to in this clause. The Contractor shall include a clause to the same effect as this paragraph in its' contract with the subcontractor.

(End of clause.)

52.245-9003 Subcontractor Use of Government Facilities on a Rent-Free Basis (Facilities to be Provided).

As prescribed in 45.404-91(d), insert the following clause in solicitations and contracts:

SUBCONTRACTOR USE OF GOVERNMENT FACILITIES ON A RENT-FREE BASIS (FACILITIES TO BE PROVIDED) (APR 1984)

(a) The terms and conditions of this contract are based upon the understanding that subcontractors shall be provided the Government facilities identified as specifically as possible in the Schedule of this contract at the estimated cost stated. The Government agrees to enter into a facilities contract with the subcontractor or amend an existing facilities contract with the subcontractor, as appropriate, at the earliest date practical. The provisions of the Subcontractor Use of Facilities on a Rent-Free Basis clause of this contract apply to the facilities to be provided. If, under this contract, subcontractors had not previously been authorized rent-free use of Government facilities, then at the time the facilities contract with the subcontractor is executed or an existing facilities contract with the subcontractor is modified, this contract will be amended to include the clause at Air Force Federal Acquisition Regulation Supplement 52.245-9002, Subcontractor Use of Government Facilities on a Rent-Free Basis.

(b) It is agreed that if the Government facilities identified in the Schedule are not provided at the time and to the extent stated, upon timely written request of the Contractor, this contract shall be equitably adjusted.

(End of clause.)

52.245-9004 Temporary Recall of Aerospace Vehicles and Support Equipment.

As prescribed in 45.310(c)(8), insert the following clause in solicitations and contracts:

TEMPORARY RECALL OF AEROSPACE VEHICLES AND SUPPORT EQUIPMENT (JUN 1975)

The Government reserves the right to temporarily recall aerospace vehicles and support equipment at any time during the life of this contract to accomplish authorized missions by Air Force personnel. The Contractor shall be relieved of all responsibility for such property during the intervals of time required to complete such missions and until the property is returned to the Contractor. Such temporary recall may be cause for an equitable adjustment in the contract provisions under the Government Property clause of this contract.

(End of clause.)

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